Ec 7/1980

ECONOMIC OPPORTUNITY AMENDMENTS OF 1980

HEARINGS

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 6619

TO AMEND THE ECONOMIC OPPORTUNITY ACT OF 1964 TO ESTABLISH A COMPREHENSIVE ENERGY CONSERVATION SERVICES PROGRAM DESIGNED TO ENABLE LOW-INCOME INDIVIDUALS AND FAMILIES, AND SEVERELY HANDICAPPED INDIVIDUALS, TO PARTICIPATE IN ENERGY ASSISTANCE PROGRAMS

HEARINGS HELD IN WASHINGTON, D.C. ON
MARCH 6 AND 26, 1980

Printed for the use of the Committee on Education and Labor

NEWARK PUBLIC LIBRARY

NOV 10 1980

U. S. GOVT. PUBS.
DEPOSITORY 376

Y4.Ed 8/1:

ECONOMIC OPPORTUNITY AMENDMENTS OF 1980

HEARINGS

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

ON

H.R. 6619

TO AMEND THE ECONOMIC OPPORTUNITY ACT OF 1964 TO ESTABLISH A COMPREHENSIVE ENERGY CONSERVATION SERVICES PROGRAM DESIGNED TO ENABLE LOW-INCOME INDIVIDUALS AND FAMILIES, AND SEVERELY HANDICAPPED INDIVIDUALS, TO PARTICIPATE IN ENERGY ASSISTANCE PROGRAMS

HEARINGS HELD IN WASHINGTON, D.C. ON
MARCH 6 AND 26, 1980

Printed for the use of the Committee on Education and Labor

U.S. GOVERNMENT PRINTING OFFICE
66-488 O
WASHINGTON : 1980

COMMITTEE ON EDUCATION AND LABOR

CARL D. PERKINS, Kentucky, *Chairman*

FRANK THOMPSON, Jr., New Jersey
JOHN BRADEMAS, Indiana
AUGUSTUS F. HAWKINS, California
WILLIAM D. FORD, Michigan
PHILLIP BURTON, California
JOSEPH M. GAYDOS, Pennsylvania
WILLIAM (BILL) CLAY, Missouri
MARIO BIAGGI, New York
IKE ANDREWS, North Carolina
PAUL SIMON, Illinois
EDWARD P. BEARD, Rhode Island
GEORGE MILLER, California
MICHAEL O. MYERS, Pennsylvania
AUSTIN J. MURPHY, Pennsylvania
TED WEISS, New York
BALTASAR CORRADA, Puerto Rico
DALE E. KILDEE, Michigan
PETER A. PEYSER, New York
EDWARD J. STACK, Florida
PAT WILLIAMS, Montana
WILLIAM R. RATCHFORD, Connecticut
RAY KOGOVSEK, Colorado
DON BAILEY, Pennsylvania

JOHN M. ASHBROOK, Ohio
JOHN N. ERLENBORN, Illinois
JOHN H. BUCHANAN, Jr., Alabama
JAMES M. JEFFORDS, Vermont
WILLIAM F. GOODLING, Pennsylvania
MICKEY EDWARDS, Oklahoma
E. THOMAS COLEMAN, Missouri
KEN KRAMER, Colorado
ARLEN ERDAHL, Minnesota
THOMAS J. TAUKE, Iowa
DANIEL B. CRANE, Illinois
JON HINSON, Mississippi
THOMAS E. PETRI, Wisconsin

SUBCOMMITTEE ON HUMAN RESOURCES

IKE ANDREWS, North Carolina, *Chairman*

BALTASAR CORRADA, Puerto Rico
DALE E. KILDEE, Michigan
EDWARD J. STACK, Florida
PAT WILLIAMS, Montana
CARL D. PERKINS, Kentucky,
Ex Officio

E. THOMAS COLEMAN, Missouri
WILLIAM F. GOODLING, Pennsylvania
JOHN M. ASHBROOK, Ohio,
Ex Officio

best copy available

CONTENTS

Page

Hearings held in Washington, D.C. on:

March 6, 1980 1
March 26, 1980 185
Text of H.R. 6619 3

Statement of—

Amburgey, Jesse L., director, Kentucky State Community Services Administration, Frankfurt, Ky 138
Corralejo, Jorge C., national energy director, National Association of Farmworker Organizations 183
Dolbeare, Cushing, president, National Low Income Housing Coalition, Washington, D.C 83
Graves, Carol, executive director, Community Services Administration of Northwest Missouri, Maryville 52
Hunter, Dina, program director, Energy Conservation Community Services Department, County of San Bernardino, Calif 58
LaGrone, Joe, Director, Weatherization Special Project Office, Department of Energy 192
Leuwer, Gene, executive director, Rocky Mountain Development Council, Helena, Mont 64
McCoy, James, member of Rural America, Washington, D.C 90
Peach, Dexter, Director, Energy and Minerals Division, U.S. General Accounting Office, accompanied by William C. Oelkers, group director; David D. Cahalen, team director 215
Saul, Richard, Chief, Energy Program Division, Community Services Administration 243
Tachau, Susan, assistant director, the National Center for Appropriate Technology, Washington, D.C 181
Vandemark, Mary Ann, executive director, Human Development Commission, Caro, Mich 69
Van Vlandren, Jeanne, Comprehensive Employment and Training Office, Agency of Human Services, State of Vermont; Richard Hinds; Dean Boucher, Northeast Employment and Training Office, St. Johnsbury, Vt.; and Tim Wilson, director, Community Services, Augusta, Maine, panel consisting of 228
Ward, Terry, National Community Action Agency Executive Directors Association, Washington, D.C 110
Werner, Carol, legislative representative, National Consumer Law Center, Washington, D.C 100
Whitehead, Robert, board member, North Carolina Senior Citizens Federation, presented by Ruth Boone 106

Prepared statements, letters, supplemental materials, etc.—

Ahart, Gregory J., Director, Human Resources Division, U.S. General Accounting Office, letter to Hon. James R. Jones, enclosing requested information 367
Alford, Margaret, planning/research coordinator, Virginia winterization program, Virginia Association of Community Action Agencies, Inc., letter to Chairman Andrews, dated April 2, 1980 269
Amburgey, Jesse L., executive secretary, Kentucky Association of Community Action Agencies, prepared testimony of 135
Boucher, Dean, energy coordinator, Northeast Employment and Training Organization, Inc., St. Johnsbury, Vt., "The transfer of weatherization programs from D.O.E. to C.S.A.," position paper 241

Prepared statements, letters, supplemental materials, etc.—Continued

Cahill, Kenneth, analyst in social legislation, Education and Public Welfare Division, Congressional Research Service, Library of Congress:

Page

- "Autumn 1978 Urban Family Budgets and Comparative Indexes for Selected Urban Areas," news release 396
- "Poverty and lower living standard estimates," report entitled 390
- Table A 392
- Table B 395

Cohen, David, president, and Fred Wertheimer, senior vice president, Common Cause, Washington, D.C., letter to "Dear Representative," dated April 1, 1980 267

Congress of the United States, Office of Technology Assessment, "Residential Energy Conservation, Volume I, chapter IV, Low-Income Consumers" 430

Corralejo, Jorge C., national energy director, representing National Association of Farmworker Organizations, prepared testimony of 182

Dolbeare, Cushing, president, National Low Income Housing Coalition, Washington, D.C.:

- Housing-related tax expenditures, fiscal years 1979, 1980, and 1981 (table 4) 86
- Officers and board of directors (list) 81
- Prepared testimony of 80

Faircloth, D. M., secretary, North Carolina Department of Commerce, letter to Chairman Andrews, dated April 2, 1980, enclosing testimony 254

Farber, Stephen B., executive director, National Governors' Association, letter to Chairman Andrews, dated March 28, 1980, enclosing a statement 259

Graves, Carol, executive director, Community Services, Inc. of Northwest Missouri, Maryville, Mo., prepared testimony of 50

Haisch, Kenneth, Northwest Montana Human Resource Council, "Comparison on Costs of Subcontracted Weatherization Crews and Comprehensive Employment and Training Act Weatherization Crews," article compiled by 422

Harkin, Hon. Tom, a Representative in Congress from the State of Iowa, letter to Chairman Andrews, dated March 20, 1980, with an enclosure 252

Hinds, Richard S., assistant director, Northeast Employment and Training Organization, Inc., St. Johnsbury, Vt.:

- "The transfer of weatherization programs from D.O.E. to C.S.A.," position paper 238
- "The operation of weatherization programs by other than Community Action Agencies," position paper 240

Hunter, Dina, program director, Energy Conservation Community Services Department, County of San Bernardino, Calif., prepared testimony of 57

LaGrone, Joe, Director, Weatherization Special Project Office, Department of Energy, testimony of 186

Leuwer, Gene, executive director, Rocky Mountain Development Council, Helena, Mont.:

- Prepared testimony of 61
- Summary of testimony on H.R. 6136 63

Martinez, Lupe, executive director, United Migrant Opportunity Services, Inc., Milwaukee, Wis., letter to "Attention Representatives," dated March 31, 1980 272

McCoy, James, member of Rural America, Washington, D.C., prepared testimony of 87

Oberstar, Hon. James L., a Representative in Congress from the State of Minnesota, letter to Chairman Andrews, dated March 18, 1980, with an enclosure 250

Peach, J. Dexter, Director, Energy and Minerals Division, U.S. General Accounting Office, prepared testimony of 211

READEX FICHE

Prepared statements, letters, supplemental materials, etc.—

Page

- Richardson, Joe, analyst in social legislation, Education and Public Welfare Division, Congressional Research Service, Library of Congress; "A Comparison of Poverty Levels Used by the Federal Government," a report entitled 407
- Sharp, Hon. Phil, a Representative in Congress from the State of Indiana, letter to Chairman Andrews, dated March 14, 1980 249
- "Slow Progress and Uncertain Energy Savings In Program To Weatherize Low-Income Households," report to the Congress of the United States by the Comptroller General 312
- Staats, Elmer B., Comptroller General of the United States, letter to Harley O. Staggers, chairman, Committee on Interstate and Foreign Commerce, dated March 21, 1980 220
- Tachau, Susan, assistant director, the National Center for Appropriate Technology, Washington, D.C.:
  - "Energy and the Poor: An Imperative for Action," article entitled (draft copy) 147
  - Prepared testimony of 142
  - "Weatherizing Poor Homes," article from the Sun, January 11, 1980 146
- Vandemark, Mary Ann, director, Human Development Commission, Caro, Mich., prepared testimony of 67
- Van Vlandren, Jeanne, special assistant to the director, Comprehensive Employment and Training Office, Agency of Human Services, State of Vermont, prepared testimony of 225
- Ward, W. Terry, National Community Action Agency Executive Directors Association:
  - Letter from Joseph F. Dee, Jr., executive secretary, New England Community Action Program Directors Association, enclosing a report entitled, "Weatherizing New England" 114
  - Prepared testimony of 108
  - "Toward a comprehensive low-income energy policy: An outline statement" 128
  - Weatherization activity schedule (chart) 112
- Werner, Carol, legislative representative, National Consumer Law Center, Inc., Washington, D.C., prepared testimony of 96
- Whitehead, Robert, board member, North Carolina Senior Citizens Federation, prepared testimony of 104
- Williams, John M., communications coordinator, and Janice A. LaLonde, advocacy associate, American Coalition of Citizens with Disabilities Inc., letter to Chairman Andrews, dated March 5, 1980, enclosing testimony 273
- Wilson, Tim, director of Community Services, Augusta, Maine:
  - Letter to Chairman Andrews, dated March 28, 1980, enclosing additional information 280
  - Prepared testimony of 234

ECONOMIC OPPORTUNITY AMENDMENTS OF 1980

THURSDAY, MARCH 6, 1980

House of Representatives,
Subcommittee on Human Resources,
Committee on Education and Labor,
Washington, D.C.

The subcommittee met at 10:15 a.m., pursuant to notice, in room 2257, the Rayburn House Office Building, Hon. Ike F. Andrews (chairman of the subcommittee) presiding.

Members present: Representatives Andrews, Kildee, Williams, Perkins, and Coleman.

Staff present: Gordon A. Raley, staff director; Neil B. Krugman, legislative counsel; Deborah L. Hall, clerk; John E. Dean, minority legislative associate.

Mr. Andrews. Good morning, ladies and gentlemen. We will ask the meeting to come to order.

We are meeting today to discuss H.R. 6619, a bill which would revise and expand the authority of the Community Services Agency, to conduct programs in the area of weatherization—programs which are designed to make the homes of low income, elderly, and severely handicapped individuals more energy efficient and more livable, particularly during the winter months.

Several weeks ago, I received a letter from a woman who resides in the coastal region of North Carolina. In her letter she asked the question: "What is $200 for fuel when it is all going out the walls and windows?" The answer to her question is clear: That is money wasted and fuel wasted. Therein lies the incentive for the type of program we are considering today, for in weatherizing homes to make them more energy efficient, we will help those who live within them to stay warmer while conserving energy and saving on their fuel bills. At a time of dwindling fuel resources and soaring fuel costs—problems which pose a special hardship for those on limited incomes—these are goals of an importance which no one would challenge.

But no matter how lauditory the goal, we cannot justify a program that is ill-conceived or poorly managed. The weatherization program is no exception. Funds, when appropriated must be put to work in a timely manner. Assistance must be provided equitably with assurance that it goes to those most in need. Workers to install materials must be available and they must be properly trained to do an effective job.

While past efforts in the area of weatherization have met with some success, the fact of the matter is that at the present time, this program, as currently administered by the Department of Energy, is reported to be beset with problems—problems in reaching those in need, problems in securing available workers—in short, problems in getting the job done.

We can no longer tolerate the image of federally purchased weatherization materials sitting in warehouses gathering dust, while the people who the program is designed to serve sit at home shivering. It is this committee's desire to see that image reversed. It is our desire to see the Federal Government implement a program which gets the material out of the warehouses and into homes that are truly in need of such help, as efficiently and equitably as possible.

Our chairman, Congressman Perkins of Kentucky, has introduced a bill we hope will do much to correct the current situation. I have been pleased to join him in sponsoring the bill.

The witnesses assembled here today represent a wide variety of viewpoints and areas of the country. We appreciate the trouble they have taken to join us and are eager to hear their views on this important matter.

[Text of H.R. 6619 follows:]

96TH CONGRESS
2D SESSION

H. R. 6619

To amend the Economic Opportunity Act of 1964 to establish a comprehensive energy conservation services program designed to enable low-income individuals and families, and severely handicapped individuals, to participate in energy assistance programs.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1980

Mr. PERKINS (for himself and Mr. ANDREWS of North Carolina) introduced the following bill; which was referred jointly to the Committees on Education and Labor, Banking and Finance, Interstate and Foreign Commerce, and Science and Technology

---

A BILL

To amend the Economic Opportunity Act of 1964 to establish a comprehensive energy conservation services program designed to enable low-income individuals and families, and severely handicapped individuals, to participate in energy assistance programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Economic Opportunity Amendments of 1980".

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this Act to establish a comprehensive energy conservation services program designed to enable low-income individuals and families (particularly older persons and families which include older persons), and severely handicapped individuals, to participate in energy conservation and energy assistance programs which will lessen the impact of high energy costs on such individuals and families and reduce individual and family energy consumption.

COMPREHENSIVE ENERGY CONSERVATION SERVICES PROGRAM

SEC. 3. The Economic Opportunity Act of 1964 (42 U.S.C. 2711 et seq.) is amended by adding at the end thereof the following new title:

"TITLE XI—COMPREHENSIVE ENERGY CONSERVATION SERVICES

"FINDINGS AND DECLARATION OF POLICY

"SEC. 1101. (a) The Congress finds and declares that—

"(1) rising energy costs have reduced significantly the real purchasing power of low-income individuals and families (particularly older persons and families which include older persons), and severely handicapped individuals, in the United States to levels at which they are unable to acquire the necessities of life;

"(2) the real incomes of families receiving Government assistance payments as a primary income source have diminished in proportion to the real incomes of other families in the United States;

"(3) throughout the United States the cost of essential residential energy supplies imposes a disproportionately larger burden on the incomes of low-income individuals and families, and severely handicapped individuals, than on the incomes of other individuals and families, and in some parts of the United States the energy expenditure differential between income groups is extreme;

"(4) low-income individuals and families generally use less energy per capita than other individuals and families and have reduced their energy usage to the extent the conditions of their dwellings and equipment will allow, and further energy savings can be made primarily through improvements to their dwellings;

"(5) the dwellings occupied by low-income individuals and families are generally not energy efficient, are usually older than dwellings occupied by other individuals and families, and are frequently in need of home repair;

"(6) high energy costs contribute to landlord abandonment and the deterioration of housing in low-income neighborhoods; and

"(7) low-income individuals and families, and severely handicapped individuals, need a variety of forms of assistance to reduce energy costs, including financial support, energy conservation education, weatherization services, and access to alternate energy sources.

"(b) It is the policy of the United States that energy conservation services and energy assistance should be available to low-income individuals and families, and to severely handicapped individuals, in order to lessen the impact of high energy costs on such individuals and families, reduce individual and family energy consumption, and provide such individuals and families with the opportunity to become more self-reliant and less dependent on increasingly scarce nonrenewable sources of energy.

"STATEMENT OF PURPOSE

"SEC. 1102. It is the purpose of this title—

"(1) to stimulate and encourage the development and implementation of programs for low-income individuals and families, and for severely handicapped individuals, which will lessen the impact of high energy costs, reduce individual and family energy consumption, reduce dependence on nonrenewable sources of energy, and focus all available Federal, State, and local resources in such a way as to maximize the potential for achieving the purposes of this title;

"(2) to encourage a partnership of Federal, State, and local resources to reduce the dependence of low-income individuals and families, and severely handicapped individuals, on increasingly scarce nonrenewable sources of energy and thereby lessen the dependence of the Nation upon scarce energy resources, especially resources which are derived from the importation of foreign energy supplies;

"(3) to lessen the consumption of foreign and domestic energy supplies by undertaking a comprehensive initiative to weatherize and make energy-efficient the dwellings of low-income individuals and families, and of severely handicapped individuals, by improving the energy efficiency of their dwellings and providing access to low-cost, alternative energy sources;

"(4) to provide crisis intervention assistance to alleviate the threat to the health and well-being of low-income individuals and families, and severely handicapped individuals, created by a shortage of energy supplies or by severe weather conditions;

"(5) to promote and encourage employment and enterprise development opportunities for low-income individuals and families and communities, and for severely handicapped individuals, in the fields of energy conservation and alternative energy development;

"(6) to carry out education programs which will assist low-income individuals and families, and severely handicapped individuals, in adopting sound conservation practices which will maximize the benefits achieved through conservation and the use of alternative energy; and

"(7) to achieve the purposes specified in paragraph (1) through paragraph (6)—

"(A) by establishing a comprehensive energy conservation services program to provide low-income individuals and families, and severely handicapped individuals, with weatherization services, crisis intervention assistance, energy conservation education, and outreach services;

"(B) by prescribing the functions and structure of the administrative mechanisms responsible for administering the various components of the comprehensive energy conservation services program;

"(C) by authorizing comprehensive energy-related research, demonstration, and pilot projects designed to enhance the ability of the Federal

Government to respond to the energy needs of low-income individuals and families, and of severely handicapped individuals; and

"(D) by requiring the coordination of all energy programs throughout the Federal Government which serve low-income individuals and families, and severely handicapped individuals.

"DEFINITIONS

"SEC. 1103. For purposes of this title—

"(1) The term 'severely handicapped individual' means an individual with a disability which requires multiple services over an extended period of time and results from amputation, blindness, cancer, cerebral palsy, cystic fibrosis, deafness, heart disease, hemiplegia, mental retardation, multiple sclerosis, muscular dystrophy, neurological disorders (including stroke and epilepsy), paraplegia, quadriplegia and other spinal cord conditions, renal failure, respiratory or pulmonary dysfunction, and any other disability specified by the Secretary of Health and Human Services in regulations the Secretary shall prescribe.

"(2) The term 'State' means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

"PART A—WEATHERIZATION PROGRAM

"ESTABLISHMENT OF WEATHERIZATION PROGRAM

"SEC. 1111. (a) The Director shall develop and conduct, in accordance with the purposes and provisions of this part, a weatherization program. In developing and conducting such program the Director is authorized to make grants to States, Indian tribal organizations, and migrant and seasonal farmworker organizations. Such grants shall be made for the purpose of furnishing financial assistance to projects designed to provide for the weatherization of dwellings occupied by low-income individuals or families, or by severely handicapped individuals.

"(b)(1) The Director, after consultation with the Secretary of Labor, the Secretary of Energy, the Secretary of Health and Human Services, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the heads of such other Federal departments and agencies as the Director considers appropriate, shall develop and publish in the Federal Register for public comment proposed regulations to carry out the provisions of this part not later than sixty days after the date of the enactment of the Economic Opportunity Amendments of 1980. The Director shall prescribe and publish final regulations for such purposes not later than sixty days after the date on which proposed regulations are published. Not later than May 15, the Director shall prescribe and publish such regulations or modifications of existing regulations, as may be necessary, in each fiscal year beginning after September 30, 1980.

"(2) The regulations prescribed pursuant to this part shall include provisions—

"(A) establishing standards for weatherization materials, energy conservation techniques, and balanced combinations of such materials and techniques, which are designed to achieve a healthful living environment and maximum practicable energy conservation, taking into account variations in climatic and structural settings and other relevant factors;

"(B) prescribing wages and allowances, maximum wage limitations, procedures for securing individuals to perform work, and other labor provisions in accordance with the requirements of section 1117; and

"(C) prescribing the maximum financial assistance available under this part for specific categories of dwellings.

"(c)(1) If a State does not, within one hundred and twenty days after the date on which final regulations are prescribed under this section, submit a plan, or elects not to submit an application, to the Director which meets the requirements set forth in section 1116, any community action agency carrying out programs under title II or any political subdivision of a State or combination of such political subdivisions may, in lieu of such State, submit a plan for carrying out projects under this part within the geographical area which is served by such agency or is subject to the jurisdiction of such political subdivision or combination of such subdivisions.

"(2) If any such political subdivision or combination of political subdivisions submits an application which proposes that the priority requirement with respect to community action agencies set forth under section 1115(c) is no longer applicable, the Director, as part of the notice and public hearing procedure carried out under section 1115(b)(1) with respect to such application, shall be responsible for making the necessary determination under section 1115(c).

"FINANCIAL ASSISTANCE FOR WEATHERIZATION PROGRAMS

"SEC. 1112. The Director shall provide financial assistance to each State or area which has met the requirements of section 1116 for the purpose of carrying out the activities authorized under this part.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1113. There are authorized to be appropriated for carrying out the provisions of this part $750,000,000 for fiscal year 1981, $1,000,000,000 for fiscal year 1982, and $1,200,000,000 for fiscal year 1983. Funds so appropriated shall remain available for obligation and expenditure during the fiscal year succeeding the fiscal year for which they are appropriated.

“ALLOTMENTS TO STATES

“SEC. 1114. (a) The Director shall allot the sums appropriated pursuant to section 1113 for any fiscal year in accordance with subsections (b) through (e).

“(b)(1) From 95 per centum of the sums appropriated pursuant to section 1113(a) for fiscal year 1981 and for each fiscal year thereafter, the Director shall—

“(A) allot to each State an amount which bears the same ratio to one-third of such percentage of such sums as the total number of heating degree days in such State during the preceding fiscal year multiplied by the population of such State bears to the sum of such products for all States;

“(B) allot to each State an amount which bears the same ratio to one-third of such percentage of such sums as the number of families in such State having an income equal to or lower than the poverty level (as determined in accordance with criteria established by the Director of the Office of Management and Budget) bears to the total number of such families in all States; and

"(C) allot to each State an amount which bears the same ratio to one-third of such percentage of such funds as the number of individuals in such State who are 60 years of age or older bears to the total number of such individuals in all States.

"(2) Notwithstanding any other provision of this subsection, the Director shall allot not more than 1 per centum of the amount appropriated for any fiscal year among the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, according to their respective needs.

"(3) The allotments under this subsection shall be made on the basis of the latest reliable data available to the Director.

"(4) For purposes of this subsection, the term 'heating degree day' means any calendar date for which the average temperature is less than 65 degrees Fahrenheit.

"(c)(1) The Director, after making allotments for any fiscal year in accordance with subsection (b), shall reserve the remainder of the sums appropriated pursuant to section 1113 for such fiscal year for use for—

"(A) national and regional office administrative costs;

"(B) training and technical assistance activities pursuant to section 1124 which, at a minimum, are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities;

"(C) evaluation activities carried out pursuant to section 1125;

"(D) demonstration, research, and pilot projects carried out pursuant to section 1151(4); and

"(E) incentive grants carried out pursuant to paragraph (3).

"(2) From the funds appropriated pursuant to section 1113 for any fiscal year, an amount not to exceed $2,000,000 in each fiscal year shall be available for administrative costs under paragraph (1)(A). The funds reserved pursuant to paragraph (1)(A) shall be in addition to any funds otherwise available for administrative costs to the Administration.

"(3)(A) From funds available under paragraph (1)(E), the Director shall make incentive grants to States to pay the Federal share of incentive weatherization programs established by any State to serve the same population as the population eligible under this title.

"(B) No grant may be made under this paragraph unless the State makes an application to the Director which contains such provisions as the Director considers necessary and which describes the State program for which assistance is sought under this paragraph.

"(C) The Federal share for any fiscal year for Federal assistance under this paragraph shall not exceed 25 per centum.

"(d)(1) Any portion of the allotment of a State under subsection (b) for a fiscal year which is made available to such State (or to any community action agency or any political subdivision or combination of political subdivisions in such State under section 1111(c)(1)), and which the Director determines will not be expended for the period such allotment is available for carrying out the provisions of this part, shall be made available for reallotment from time to time, on such dates during such period as the Director determines necessary, to other States based on relative need and ability to expend such funds. Such reallotments shall be in proportion to the original allotments under subsection (b).

"(2) Any allotments to a State may be reallotted under paragraph (1) only if the Director has provided thirty days' advance notice to the chief executive officer of the State and to the general public. During such period comments may be submitted to the Director.

"(3) After considering any comments submitted during such period, the Director shall notify the chief executive officer of any decision to reallot funds, and shall publish such decision in the Federal Register.

"(e)(1) Notwithstanding any other provision of this part, in any State in which the Director determines (after having taken into account the amount of funds made available to the State to carry out the provisions of this part) that—

"(A) low-income members of an Indian tribe, low-income migrant and seasonal farmworkers, or severely handicapped individuals who are members of an Indian tribe or are migrant or seasonal workers, are not receiving benefits under this part which are equivalent to the assistance provided to other low-income individuals and families, or severely handicapped individuals, in such State under this part; and

"(B) such members of an Indian tribe or such migrant and seasonal farmworkers would be better served by means of a grant made directly to provide such assistance;

the Director shall reserve from sums which would otherwise be allotted to such State not less than 100 per centum of an amount which bears the same ratio to the allotment of the State for the fiscal year involved as the population of all eligible Indians and migrant and seasonal farmworkers for whom a determination under this paragraph has been made bears to the population of all eligible individuals and families in such State.

"(2) The sums reserved by the Director on the basis of the determination of the Director under this subsection shall be granted to an organization serving the individuals for whom such a determination has been made, or where there is no such organization, to such other entity as the Director determines has the capacity to provide services pursuant to this part.

"(3) In order for an organization or other entity to be eligible for a grant for a fiscal year under this subsection, it shall submit to the Director plans meeting the requirements set forth in section 1116.

"LIMITATIONS

"SEC. 1115. (a)(1)(A) Not more than 15 per centum of any grant made under this part may be used for program support. The remainder of such grant shall be used for the purchase of weatherization materials and for labor costs.

"(B) The Director may prescribe regulations to raise or lower the percentage of a grant available for program support under subparagraph (A). The Director may prescribe regulations to prescribe the percentage of such a grant available for weatherization materials and for labor costs.

"(2) For purposes of this subsection, the term 'program support' includes activities which enable an agency, organization, or other entity designated as a local weatherization project to carry out the provisions of this part, including (A) project management, audit, and direction; (B) coordination and mobilization of resources; (C) purchase of needed tools and equipment; (D) transportation of workers and materials; (E) storage of materials and equipment; (F) outreach activities for, and eligibility determinations of, eligible individuals and families; (G) inspection and quality control; (H) insurance; (I) preparation of required reports; and (J) other similar activities which encourage the safe and effective operation of weatherization projects.

"(b) The Director shall ensure that financial assistance provided under this part will—

"(1) be allocated within the State or area involved in accordance with a published State or area plan, which is adopted by such State or area after notice and a public hearing, describing the proposed funding distributions and recipients,

"(2) be allocated, pursuant to such State or area plan, to community action agencies carrying out programs under title II, Indian tribal organizations, migrant and seasonal farmworker organizations, community development corporations, community-based organizations, or to other public or private nonprofit agencies or organizations which have demonstrated effectiveness in supervising or carrying out weatherization services so that funds will be allocated on the basis of the relative need for weatherization assistance among the low-income individuals and families, and severely handicapped individuals, within such State or area; and

"(3) be terminated or discontinued during the application period only in accordance with the policies and procedures set forth in section 1123.

"(c) In allocating funds for carrying out weatherization projects within any State under subsection (b), the Director shall give priority to community action agencies within each State for so much of the geographical area as is served by each such agency, except that the requirement of this subsection shall not apply if the chief executive officer of the State determines, or if the Director determines, that—

"(1) a community action agency has a pattern of ineffective administration of programs under this Act; or

"(2) a community action agency is not of sufficient size and cannot in timely fashion develop the capacity to support the scope of the project to be carried out in such area with financial assistance under this part.

In carrying out the provisions of this subsection, the Director shall give due consideration to the results of periodic evaluations of the projects carried out under this part in light of available information regarding the current and anticipated energy and weatherization needs of low-income individuals and families, and of severely handicapped individuals, within the State.

"STATE PLANS AND REQUIREMENTS

"SEC. 1116. (a)(1) In order to receive financial assistance under this part, a State or, if the conditions of section 1111(c) are met, an area applicant shall submit to the Director a weatherization plan. Each such plan shall be submitted for a three-year period, together with such annual revisions as the Director may require.

"(2) The chief executive officer of the State shall develop the State weatherization plan.

"(b) The plan shall—

"(1) include an analysis of the area to be served, including climate, energy usage and cost, energy efficiency of dwellings, the number of dwellings in need of weatherization services, the estimated number and characteristics of dwellings to be assisted, and the type of weatherization services to be performed;

"(2) include a statement of the long-term goals of the plan for the improvement of the energy efficiency of the dwellings in the area to be served;

"(3) describe in detail—

"(A) administrative arrangements for carrying out the plan, including the procedures to be used to designate local projects (including criteria for determining that a local project applicant has demonstrated effectiveness), to approve local projects, to evaluate and audit the operation of local projects, and to process complaints and grievances;

"(B) the methods to be used to identify and the criteria to be used for selecting dwellings to receive weatherization services, and the priorities to govern the provision of weatherization assistance to low-income individuals and families, and to severely handicapped individuals, including methods to provide priority to low-income individuals who also are older persons and to severely handicapped individuals;

"(C) the procedures for consultation with the local project policy advisory councils;

"(D) the policies and procedures designed to assure that financial assistance provided under this part will be used to supplement, and not to supplant, State or local funds, and to the extent practicable, to increase the amounts of such funds which would be made available in the absence of Federal funds for carrying out the purposes of this part, including plans and procedures (i) for securing, to the maximum extent practicable, the services of (I) volunteers, including volunteers from volunteer programs carried out under the Domestic Volunteer Service Act of 1973; (II) training participants and public service employment workers under title II and title VI of the Comprehensive Employment and Training Act (who shall work under the supervision of qualified supervisors); and (III) low-income older persons who are eligible to receive assistance under title V of the Older Americans Act of 1965; (ii) for securing housing and rehabilitation funds from the Farmers Home Administration and the Department of Housing and Urban Development; and (iii) for complying with the limitations set forth in section 1115;

"(E)(i) policies and procedures designed to assure that owners, renters, and owners of rental property will be treated equitably in carrying out the purposes of this part, including the establishment of goals and timetables with respect to the number of rental properties to be weatherized; and

"(ii) criteria for prohibiting any unnecessary or undue increase in the market value of rental property;

"(F) a proposed budget for each year; and

"(G) the procedures to be used to obtain weatherization materials;

"(4) describe in detail arrangements to ensure that nondiscrimination and equal employment opportunities are provided;

"(5) describe in detail the procedures to be used to distribute funds within areas of the State or area to be served pursuant to section 1115(b);

"(6) describe in detail procedures for compliance with section 1117, relating to special provisions on wages, allowances, and referral of individuals;

"(7) describe the outreach activities consistent with section 1144 to be conducted (A) to inform eligible low-income individuals and families, and severely handicapped individuals, of weatherization assistance under this part; and (B) to refer such individuals and families to the program of assistance under this title;

"(8) describe (A) plans and activities to coordinate, strengthen, and expand employment and training activities under this part with employment and training activities in the private sector; (B) the relationship between job development and placement under this part and other employment and training programs, and the efforts made or planned to coordinate programs under this part with such other programs; and (C) the efforts to be undertaken to involve the private sector in activities assisted under this part;

"(9) describe in detail the recordkeeping procedures for the expenditure of funds received under this part, including procedures for property acquisition, inventory control, and maintenance of payroll records, which will enable the Director to audit and monitor State and area programs, and will assure adequate supervision and monitoring of local projects by the State and area applicant, particularly with respect to the eligibility of participants, the propriety of participant selection procedures and practices, and the purchase and disposition of materials; and

"(10) include adequate assurances of compliance with all provisions of this part and regulations prescribed pursuant to this part.

"(c) The Director shall approve any State plan which the Director finds meets the requirements of subsection (b).

"(d) The Director shall establish, not later than one hundred and twenty days after the date of the enactment of the Economic Opportunity Amendments of 1980 (1) criteria and standards for the plan requirements under this section; and (2) procedures for submittal, approval, and implementation of changes in the weatherization plan, together with any reports required under this part.

"(e) Whenever the Director, after reasonable notice and opportunity for a hearing, finds that—

"(1) the State plan has been so changed that it no longer complies substantially with the provisions of subsection (b); or

"(2) in the administration of the plan there is a failure to comply substantially with any provision of subsection (b);

the Director shall notify the chief executive officer of such State that no further payments from its allotments under section 1114 will be made to the State (or, in the discretion of the Director, that further payments to the State will be limited to projects under or portions of the State plan not affected by such failure), until the Director is satisfied that there will no longer be any failure to comply.

"SPECIAL PROVISIONS

"SEC. 1117. (a) Wages and allowances paid to any individual under this part (including older persons employed under subsection (b)(1)(B)) shall be paid in accordance with sections 124 and 442 of the Comprehensive Employment and Training Act.

"(b) The Director shall establish procedures, after consultation with the Secretary of Labor, to secure individuals to perform work (other than supervisory work) on local weatherization projects, under which agencies, organizations, or other entities assisted under this part shall—

"(1) utilize—

"(A) individuals in employment and training programs whose wages are paid in whole or in part under the Comprehensive Employment and Training Act; and

"(B) older persons who are eligible to receive assistance under title V of the Older Americans Act of 1965;

except that such agencies, organizations, or other entities shall be required to comply with the requirements of this paragraph only to the extent such utilization is practicable;

"(2) make arrangements, in the case of individuals whose wages will be paid under this part, for obtaining referrals of individuals from prime sponsors designated under the Comprehensive Employment and Training Act and from the State employment security agencies;

"(3) employ, to the extent practicable, individuals who meet the eligibility requirements of section 236(a), section 435, or section 607 of the Comprehensive Employment and Training Act (but in no event employ individuals who are described in paragraphs (1) and (2) of section 443(f) of such Act), or who meet the eligibility requirements for assistance under title V of the Older Americans Act of 1965;

"(4) pay wages to such individuals at wage rates which do not exceed the maximum allowable total wages payable to a participant under section 122(i)(1) and section 609(2) of the Comprehensive Employment and Training Act;

"(5) with respect to the employment of individuals whose wages are paid under the Comprehensive Employment and Training Act, give priority to (A) youths aged 16 to 24; (B) individuals who have completed a course of training under the Comprehensive Employment and Training Act for work in weatherization activities; and (C) other individuals identified in section 122(b)(1)(A) of the Comprehensive Employment and Training Act; and

"(6) make arrangements, to the extent feasible, with prime sponsors designated under the Comprehensive Employment and Training Act and with State or local apprenticeship boards or other apprenticeship programs for providing work and training opportunities, including on-the-job training, for eligible participants in projects carried out under this part.

"(c)(1) Whenever the Director determines that an agency, organization, or other entity conducting local weatherization projects cannot comply with the provisions of paragraph (3) of subsection (b), the Director may waive the provisions of such paragraph and may permit such agency, organization, or entity to employ unemployed individuals other than those specified in paragraph (3) of subsection (b).

"(2) The Director shall consult with the Commissioner on Aging and the Secretary of Labor before establishing procedures for the utilization of older persons under subsection (b)(1)(B).

"(d) The Director shall determine that local weatherization projects assisted under this part—

"(1) will result in an increase in employment opportunities over those opportunities which would otherwise be available;

"(2) will not result in the displacement of currently employed workers (including partial displacement such as reduction in the hours of nonovertime work, wages, or employment benefits); and

"(3) will not impair existing contracts for services.

"(e) Notwithstanding any other provision of law, participants performing work on weatherization projects assisted under this part, who receive wages from funds provided under the Comprehensive Employment and Training Act at wage rates which are not less than the wage rates required under section 124(b)(1) of such Act, may have such wages supplemented by additional wage payments from funds made available under this part and such payments shall not be considered supplemental wages for the purpose of section 609(1) of such Act. The total wages supplemented for any such participant under any title of the Comprehensive Employment and Training Act shall not exceed the allowable combined total of the maximum federally supported wage and supplemental wages applicable with respect to such area under section 609(2) of such Act. The term 'federally supported wage rates' under section 122(i)(2) of the Comprehensive Employment and Training Act shall not be construed to include supplemental wages from any source allowable by this title or any other provision of Federal law.

"(f) Each agency, organization, or other entity receiving funds under this part shall assure an adequate number of supervisory personnel for weatherization projects, who shall be adequately trained in skills needed to carry out a weatherization project and to instruct participants in skills needed to carry out such a project.

"DESIGNATION OF LOCAL WEATHERIZATION PROJECTS

"SEC. 1118. (a) Upon approval of financial assistance under this part, a State or area is authorized to designate as a local weatherization project, subject to the limitations set forth in section 1115, a community action agency carrying out programs under title II, an Indian tribal organization, a migrant and seasonal farmworker organization, a community development corporation, a community-based organization, a public or private nonprofit agency, a political subdivision or combination of political subdivisions of a State, or any combination of such organizations or other entities, which (1) has the authority to carry out the provisions of this part and perform the functions set forth in section 1120 within the area to be served; and (2) is determined by the State to be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a weatherization project.

"(b) For purposes of this part, an area to be served may be a city, county, or multicity or multicounty unit within a State, an Indian reservation, or a neighborhood or other area (irrespective of boundaries or political subdivisions) which provides a suitable organizational base and possesses the commonality of interest necessary to operate a weatherization project.

"(c) The State shall give priority in the designation of local weatherization projects to any local public or private nonprofit agency which is receiving funds under any weatherization program on the date of the enactment of the Economic Opportunity Amendments of 1980, except that the State shall, before giving such priority, determine that the agency involved meets program and fiscal requirements established by the State and the Director.

"FINANCIAL ASSISTANCE FOR LOCAL WEATHERIZATION PROJECTS

"SEC. 1119. Upon approval of financial assistance under this part, a State may, upon application by an agency, organization, or other entity which is eligible for designation as a local weatherization project pursuant to section 1118, provide financial assistance to such agency, organization, or other entity for the planning, conduct, administration, and evaluation of a weatherization project to provide low-income individuals and families, and severely handicapped individuals, in the area with weatherization assistance which will (1) result in the reduction of energy usage and cost; and (2) provide for direct participation of the low-income population, and the population of severely handicapped individuals, of the area to be served in the development, conduct, and overall program direction at the local level.

"FUNCTIONS OF LOCAL WEATHERIZATION PROJECTS

"SEC. 1120. (a) In order to be designated as a local weatherization project under this part, an agency, organization, or other entity shall have authority under its charter or applicable law (1) to receive and administer funds under this part, funds and contributions from private or local public sources which may be used in support of a weatherization program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency organized in accordance with this part, may act as a grantee, contractor, or sponsor of projects appropriate for inclusion within a weatherization program; (2) to transfer funds so received; and (3) to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. The power to transfer funds and delegate powers shall include the power to make transfers and delegations covering component parts in any case in which the transfer or delegation would contribute to efficiency and effectiveness or otherwise further the purposes of this part.

"(b) In order to be designated as a local weatherization project under this part, an agency, organization, or other entity desiring to conduct a local weatherization project shall—

"(1) establish a local project advisory committee in accordance with such regulations as the Director may prescribe;

"(2) provide for the regular participation of the population to be served or their representatives in the implementation of such weatherization project; and

"(3) provide technical and other support needed to enable low-income individuals and families, and severely handicapped individuals, in the area to secure on their own behalf available assistance from public and private sources.

"ELIGIBILITY FOR PARTICIPATION IN WEATHERIZATION PROGRAMS

"SEC. 1121. Any individual or family shall be eligible for participation in programs assisted under this part if—

"(1)(A) such individual or family has an income equal to or less than 100 per centum of the poverty level (as determined in accordance with criteria established by the Director of the Office of Management and Budget);

"(B) such individual is a severely handicapped individual, or such family has an adult member who resides with such family and who is a severely handicapped individual;

"(C) in the case of an individual who is sixty years of age or older, such individual has an income equal to or less than 150 per centum of such poverty level; or

"(D) in the case of a family which has a member who resides with such family and who is sixty years of age or older, the total income of all members of such family is equal to or less than 150 per centum of such poverty level; and

"(2) the dwellings of such individuals or families are determined to need weatherization as determined by the agency, organization, or other entity conducting the local weatherization project pursuant to criteria established by the Director.

"ADMINISTRATIVE PROVISIONS

"SEC. 1122. (a)(1) Each agency, organization, or other entity carrying out a weatherization project shall observe standards of organization, management, and administration which will assure that all program activities are conducted in a manner consistent with the purposes of this part and the objective of providing assistance effectively, efficiently, and free of any taint of partisan political bias or personal or family favoritism.

"(2) Each such agency, organization, or entity shall establish or adopt rules to carry out this section, which shall include rules to assure full staff accountability in matters governed by law, regulatory policy, or agency policy. Each such agency, organization, or entity also shall provide for reasonable public access to information, including public hearings at the request of appropriate area groups and reasonable public access to books and records of the program.

"(3) Each such agency, organization, or entity shall adopt rules designed (A) to establish specific standards governing employee benefits; (B) to assure that only personnel capable of discharging their duties with competence and integrity are employed and that employees are promoted or advanced under impartial procedures calculated to improve agency efficiency, performance, and effectiveness; (C) to guard against personal or financial conflicts of interest; and (D) to define employee duties in an appropriate manner which will preclude employees from participating, in connection with the performance of their duties, in any form of picketing, protest, or other direct action which is in violation of law.

"(b) No financial assistance may be provided under this part in any case in which the Director determines that—

"(1) the costs of administering a program assisted under this part exceed 15 per centum of the total costs of such program; or

"(2) the cost of administration for the State or area exceeds 5 per centum of such total costs.

The Director shall establish by regulation criteria for determining the costs of administering such program, and the total costs of such program.

"(c) The Director, by general or special orders, may require any recipient of financial assistance under this part to provide, in such form as the Director may prescribe, such reports or answers in writing to specific questions, surveys, or questionnaires as may be necessary to enable the Director to carry out the functions of the Director under this part.

"(d) The Director and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, information, and records of any project receiving financial assistance under this part that are pertinent to the financial assistance received under this part.

"(e) Payments under this part may be made in installments and in advance, or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

"APPEALS, NOTICE, AND HEARINGS

"SEC. 1123. (a) The Director shall prescribe procedures to assure that special notice of and an opportunity for a timely and expeditious appeal will be provided to any applicant to the Director, to any State administering a program assisted under this part, or to any agency administering such a program, as the case may be, whose plan has been wholly or substantially rejected or has not been acted upon within a period of time considered to be reasonable by the Director, in accordance with regulations which the Director shall prescribe.

"(b) Whenever the Director, after notice and an opportunity for appeal, finds that there is a failure to comply substantially with the provisions of this part, the Director shall notify the State or agency involved and other interested parties that such State or agency is not or will no longer be eligible to participate in the program under this part until the Director is satisfied that there is no longer any such failure to comply.

"(c) Reasonable notice under this section shall include a written notice of intention to act adversely, including a statement of the reasons for such action, and an opportunity to show cause why such action should not be taken or to propose corrective action.

"TECHNICAL ASSISTANCE AND TRAINING

"SEC. 1124. The Director may, directly or through grants or contracts, provide (1) technical assistance to State agencies, area agencies, and local project agencies, organizations, and entities in developing, conducting, and administering programs under this part; and (2) training for specialized or other personnel needed in connection with weatherization programs. Pursuant to the provisions of section 1114(c), the Director may reserve funds to carry out activities under this section.

"MONITORING AND EVALUATION

"SEC. 1125. (a) The Director shall, directly or through grants or contracts, provide for the continuing evaluation of programs under this part, including evaluations which measure the impact of assistance under this part, in order to determine (1) the effectiveness of such assistance in achieving the purposes of this part; and (2) the impact of such assistance on related programs and their structure and mechanism for delivering services, including, where appropriate, comparisons with appropriate control groups composed of dwellings which did not receive weatherization assistance and analyses of the period over which reduced energy consumption repays the cost of weatherization assistance.

"(b) In carrying out evaluations under this part, the Director shall, whenever feasible, arrange to obtain the specific views of individuals and families participating in and served by programs and projects assisted under this part relating to such programs and projects.

"(c) The Director shall publish the results of evaluative research studies and summaries of evaluations of the impact and effectiveness of programs and projects not later than ninety days after the completion thereof. The Director shall submit to the appropriate committees of the Congress copies of all such research studies and evaluation summaries.

"ANNUAL REPORT

"SEC. 1126. The Director shall submit, not later than 120 days after the close of each fiscal year, a report to the Congress and to the President describing the weatherization assistance program carried out under this part. Such report shall include the progress which has been made in weatherizing dwellings and the effectiveness of the program in achieving the purposes of this part, or any other appropriate provision of law, and shall include the results of the periodic evaluations and monitoring activities required by section 1125.

"PART B—CRISIS INTERVENTION PROGRAM AND OUTREACH

"ESTABLISHMENT OF CRISIS INTERVENTION PROGRAM

"SEC. 1141. (a)(1) The Director shall develop and conduct, in accordance with the provisions of this part, a crisis intervention program. In developing and conducting such program, the Director is authorized to make grants to States. Such grants shall be made for the purpose of supporting a crisis intervention program to provide short-term assistance and counseling to low-income individuals and families, and severely handicapped individuals, threatened with severe hardship or danger to health or life from lack of fuel, utility shutoff, or other energy-related crisis. Criteria for assistance under a crisis intervention program shall not be based solely on delinquency in payment of fuel bills.

"(2) Crisis intervention activities may include provision of blankets or warm clothing, temporary loan of space heaters, emergency repairs of heating systems, emergency delivery of fuel or firewood, provision of temporary shelter, temporary emergency repairs to housing, mediation with utility companies or fuel suppliers, financial counseling, and other similar services which will assist any low-income individual or family, or any severely handicapped individual, in reducing or eliminating any severe hardship or damage to health or life caused by any energy-related crisis, including all necessary outreach and program support activities.

"(b) No financial assistance may be provided under this part unless the State involved submits an application to the Director at such time, in such manner, and containing or accompanied by such information as the Director considers necessary.

"(c) The Director, after consultation with the Secretary of Health and Human Services and the heads of such other Federal departments and agencies as the Director considers appropriate, shall develop and publish in the Federal Register for public comment, not later than forty-five days after the date of the enactment of the Economic Opportunity Amendments of 1980, proposed regulations to carry out the provisions of this part. The Director shall take into consideration the public comments submitted regarding such proposed regulations and shall prescribe and publish final regulations for such purposes not later than ninety days after such date of enactment.

"(d) Upon approval of financial assistance under this part, a State is authorized to provide financial assistance to community action agencies carrying out programs under title II or other public agencies and private nonprofit organizations which have demonstrated effectiveness in carrying out crisis intervention services which (1) have the authority to carry out the purposes of this part; and (2) are determined by the State to be capable of planning, conducting, administering, and evaluating, either directly or by other arrangements, a crisis intervention program.

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 1142. (a) There are authorized to be appropriated for carrying out the provisions of this part such sums as may be necessary for fiscal year 1981 and for each succeeding fiscal year ending before October 1, 1983.

"(b) For the purpose of affording adequate notice of assistance available under this part, appropriations under this part are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

"ALLOTMENT TO STATES

"SEC. 1143. (a) Of the sums appropriated pursuant to section 1142 for any fiscal year, the Director shall allot such sums in accordance with subsections (b) and (c).

"(b)(1) The Director shall allot 80 per centum of the sums appropriated pursuant to section 1142 in each fiscal year so that the percentage of the amount allotted under this paragraph and available for use to each State shall be the same percentage as the percentage allotted to such State under section 1114(b).

"(2) The allotments under this subsection shall be made on the basis of the latest satisfactory data available to the Director.

"(c) The Director, after making allotments for any fiscal year in accordance with subsection (b), shall reserve the remainder of the sums appropriated pursuant to section 1142 for such fiscal year for expenditure among the States in cases of weather-related disasters of sufficient severity and magnitude to warrant supplemental crisis intervention activities described in this part as the Director determines will best carry out the purposes of this title.

"OUTREACH ACTIVITIES

"SEC. 1144. (a) The Director and a State or area receiving assistance under part A or under this part shall conduct outreach activities to inform and enroll all eligible low-income individuals and families, and severely handicapped individuals, in (1) programs providing energy-related assistance authorized under this title; and (2) other Federal, State, or local energy or energy-related assistance for which they qualify, including energy audits, counseling, educational services, energy assistance for help in paying high energy costs, alternate energy technologies, consumer information and legal assistance, and weatherization. Such outreach activities shall focus particularly on older persons and severely handicapped individuals, individuals and families residing in remote areas, the homebound, migrant and seasonal farmworkers, individuals and families with limited English-speaking proficiency, the working poor, and individuals and families with children.

"(b) In carrying out outreach activities under this part, the Director and a State or area shall utilize community action agencies carrying out programs authorized by title II, Indian tribal organizations, migrant and seasonal farmworker organizations, area agencies on aging, community-based organizations, State welfare agencies, agencies receiving financial assistance under part A, volunteer programs carried out under the Domestic Volunteer Service Act of 1973, and other appropriate agencies as determined by the Director.

"ANNUAL REPORT

"SEC. 1145. The Director shall submit, not later than one hundred and twenty days after the close of each fiscal year, a report to the Congress and to the President describing the crisis intervention program carried out under this part.

"PART C—ENERGY CONSERVATION SERVICES AND PROGRAM COORDINATION

"SUPPLEMENTAL ENERGY CONSERVATION SERVICES

"SEC. 1151. The Director is authorized to provide financial assistance to public agencies and nonprofit private organizations for—

"(1) educational and counseling activities for low-income energy consumers in energy-conserving practices and sound residential energy management, self-help activities in energy conservation and alternative energy applications, and the care and maintenance of weatherization and alternative energy improvements to assure maximum efficiency and long life, as well as projects which support the carrying out of such care and maintenance activities;

“(2) assistance in the development, application, and support of alternative energy sources, including solar, wind, small-scale hydropower biomass conversion, and other technologies which capitalize on nonfossil fuels and renewable energy sources or which make conventional fuels available to low-income individuals and families, and to severely handicapped individuals, at substantially decreased cost or increased efficiency;

“(3) assistance in the development and support of community planning and coordination capability in energy audit, energy conservation, and alternative resource development activities so as to ensure the participation of low-income individuals, families, and communities, and of severely handicapped individuals, in such activities; and

“(4) assistance for research, demonstration, or pilot projects designed to test or assist in the development of new approaches or methods which will enable low-income individuals and families, and severely handicapped individuals, to participate in energy conservation programs which lessen the impact of the high cost of energy on such individuals and families, and to reduce individual and family energy consumption, including (A) energy conservation and education; (B) weatherization of old or substandard dwellings, improved space conditioning, insulation, and energy audits; (C) emergency loans, grants, and revolving funds to install energy conservation technologies and to deal with increased housing expenses relating to the energy crisis; (D) alternative fuel supplies; (E) special fuel voucher or stamp programs; (F) alternative transportation activities designed to save fuel and assure continued access to training, education, and employment; (G) appropriate outreach efforts; (H) furnishing personnel to act as coordinators, providing legal or technical assistance, or otherwise representing the interests of low-income individuals and families, and severely handicapped individuals, in efforts relating to the energy crisis; (I) nutrition, health, and other supportive services in emergency cases; and (J) evaluation of programs and activities under this title.

"PROGRAM COORDINATION

"SEC. 1152. The President shall establish procedures to assure the coordination of all energy conservation and energy assistance programs which affect low-income individuals and families, and severely handicapped individuals, carried out by any department or agency of the Federal Government.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1153. There are authorized to be appropriated for carrying out the provisions of this part $10,000,000 for fiscal year 1981 and for each succeeding fiscal year ending before October 1, 1983.

"PART D—GENERAL PROVISIONS

"INCOME DISREGARD

"SEC. 1161. Notwithstanding any other provision of law, the value of any assistance provided to any eligible individual or family under this title shall not be considered income or resources for any purpose, including the determination of eligibility or benefit levels, under any Federal, State, or local law, including any law relating to taxation, or public assistance program.".

CONFORMING AND TECHNICAL PROVISIONS

SEC. 4. (a)(1) Effective October 1, 1980, section 222(a)(5) of the Economic Opportunity Act of 1964 (42 U.S.C. 2809(a)(5)) is repealed.

(2) Any reference in any provision of law to section 222(a)(5) or section 222(a)(12) of the Economic Opportunity Act of 1964 shall be construed to be a reference to title XI of the Economic Opportunity Act of 1964, as added by section 3.

(b) During the period beginning on the date of the enactment of this Act and ending on the effective date of the Department of Education Organization Act, any reference to the Secretary of Health and Human Services in title XI of the Economic Opportunity Act of 1964, as added by section 3, shall be construed to be a reference to the Secretary of Health, Education, and Welfare.

At the request of Mr. Coleman, who will have to leave us soon because of other responsibilities, we will ask Ms. Carol Graves to come up, if she is here, from Missouri. Mr. Coleman requested that you be our first witness. We welcome you here, and we look forward to your statement.

We ask that you and any other witnesses, if you definitely prefer to read your statement, go right ahead, but for those who are willing to do so I would urge you to consider submitting your written statement for the record and just talk or paraphrase the statement. However, that is entirely at your discretion.

[Prepared testimony of Carol Graves follows:]

PREPARED TESTIMONY OF CAROL GRAVES, EXECUTIVE DIRECTOR, COMMUNITY SERVICES, INC. OF NORTHWEST MISSOURI, MARYVILLE, MO.

Mr. Chairman and members of the subcommittee on Human Resources, my name is Carol Graves. I am Executive Director of Community Services, Inc. of Northwest Missouri, a community action agency serving five rural counties, with a population of 50,000, approximately 20 percent of whom are poor, and 35 percent elderly. Energy related problems are repeatedly identified by our client groups as the major problems which they face and which impact every part of their lives. CSI has, therefore, tried to develop a local delivery system for federal energy related efforts to speak to the needs of the poor and elderly in an efficient, effective, and accountable way. These goals have been nearly incompatible with the regulations and administration of the DOE program. The major difficulties with the current program include (1) lack of funds for labor and adequate supervision (2) the necessity of depending on an unskilled temporary labor force to perform skilled weatherization work (3) the ratio of support/materials costs discourages prudent purchasing practices (4) the lack of a comprehensive approach to energy conservation (5) the lack of a self sufficient program for home weatherization and (6) excessive paper work.

On behalf of the poor and elderly in Northwest Missouri I would compliment and thank-you for the initiative you've taken with this legislation to try to correct some of the problems. We consider the comprehensive approach to be the key feature in effectively addressing the needs of the poor.

COMPREHENSIVE PROGRAM

This legislation sets perimeters whereby comprehensive energy planning and programming can take place in its inclusion of weatherization assistance, alternate energy, crisis intervention, outreach, employment opportunities, and educational programs in one package within the Community Services Administration as the funding agency, and Community Action Agencies as the local planning body and delivery system. It is our firm belief that the needs of the poor and elderly can be more effectively addressed through a unified program including each of these components in one delivery system.

CSA and its network of Community Action Agencies have a record of fiscal responsibility, program delivery, outreach capabilities and involvement of the poor in decision making processes. One of the strongest commitments that the CAA network has is their integration of program services with other local, state and Federal services providers. Under the current DOE-DOL-CETA arrangement there is limited decision making at the local level, there is no previous experience by DOE in working with social service providers or organizations serving poor people.

FUNDING

We would suggest that a direct funding link between CSA and CAAs would be more likely to accomplish necessary comprehensive planning and program delivery than would making separate grants to States under each component. The block grant approach at a minimum should contain requirements for coordination of components, preferably requiring one State plan including all components with a mandated role for CAAs in developing the state plans.

Based on the experience of the past years, there is little question that weatherization grants by CSA directly to the CAAs for material and labor were far more efficient and successful than the programs delegated to 50 states under DOE and the programs dependent on hundreds of DOL-CETA prime sponsors in many different political climates.

It is very evident, from past performances that the Commodity Services Administration and its local grantees, Community Action Agencies, have a far better record of commitment to the poor, priority for weatherizing homes, and delivering many other energy related services than either DOE or DOL.

CAAs have the equipment and the expertise to carry on an effective quality weatherization program throughout the country. Their desire to do so has been documented widely from the first early weatherization efforts to the more intensive efforts at retrofit suggested by DOE. All that is needed is permanent legislation earmarking tax dollars all in one package for administration, supervision, labor and materials. Direct grants to CAAs will guarantee that guidelines and standards will be identical in every state. Emphasis and impact will be that of the national intent and will not be based on different levels of concern in different states.

The CAAs have demonstrated that they are qualified to carry out a comprehensive energy program in their geographical areas and have been able to expand the energy services to adjacent uncapped areas in order to serve all low-income households.

LABOR PROBLEM

The lack of funding for labor and supervision under the DOE program has been a well documented problem. In balance of the State of Missouri the CETA prime sponsor has been most cooperative in increasing our contracts to help meet our need. The problem is we can only employ unskilled, often unemployable trainees to perform skilled weatherization work. In the case of CSI, we use three person crews to perform weatherization and are able to employ one supervisor per four crews. We therefore have one supervisor/trainor for 12 CETA participants who work on at least four houses at one time. This creates a situation making it extremely difficult to meet the quality standards of weatherization which we are committed to. Further compounding this basic problem is the fact that PSE participants have an eligibility period of 18 months. Those who do become skilled then must leave the program. Our small rural area is often incapable of providing jobs for these people in the private sector even though their skills and work habits have improved and they have become capable employees. CSI is not capable of employing them under our labor limitations, thus both the weatherization and employment efforts are thwarted. It is necessary to increase the ratio of supervisors to trainees and it is necessary for CAAs to have the capacity to transition CETA participants into regular employment within the CAA weatherization program. It is our firm commitment to improve employment opportunities for the poor and in our fifteen year history the successes have been many. We seek the flexibility to speak to this goal through the weatherization program.

SUPPORT COSTS

Another extremely restrictive regulation of the current program is the percentage breakdown of support costs to materials costs. Since money available for support is dependent directly on what is spent for materials, one can more successfully administer the DOE program by choosing to purchase materials at inflated costs. Our rural area requires an average of 30 miles travel one way to get to a job. The cost of operating vehicles to get to a job remains the same regardless of the cost of materials for the job. The most reduction in energy usage occurs from the least expensive retrofit technique. These factors are in direct conflict with the percentage limitations of materials/support. The addition of labor costs as allowable under the materials category will be a real help in this regard. However, those costs which you have identified as support are currently costing an average of 20 percent per job in our program.

ELIGIBILITY

We would emphasize the need for elderly eligibility to remain, as you have determined, at 150 percent of poverty criteria. We think 125 percent appropriate for non elderly in view of current costs of all necessary expenses. The average CSI client this year (eligibility being 125 percent) has less than $200 per month left after paying utility expenses. This obviously is not enough income to eat properly, much less purchase insulation or other energy improvements.

ALTERNATE ENERGY

The CSA delivery system, as you know, has taken the lead for several years in developing low-cost solutions to energy problems affecting the poor.

Research and development grants in the field of alternate energy: solar, wind, methane digesters, hydropower and others, have been made by CSA throughout the country. Many successes have been reported from these projects and we encourage further funding to expand their use. Many agencies have used these funds to become proficient in building and installing solar air heaters, solar water heaters, and solar greenhouses. In all of these projects the emphasis was on low-cost and high degree of efficiency in their application. Funds made available to further these developments and expand them can save money for the poor and conserve our nations energy supply. The only long term solution to energy problems is to develop this means of becoming energy self sufficient to the maximum possible extent.

Therefore any comprehensive energy program should include alternative energy funds, as well as weatherization, energy assistance, crisis intervention, outreach, and energy conservation education.

To summarize our concerns, the poor live in the least energy efficient homes, drive the older less energy efficient cars and have heating systems that are many times substandard and therefore inefficient. We in the CSA world know where these people are, we know what their needs and individual capabilities are, and we have had over 15 years experience in working and planning with them.

The CAA network does not have turf problems and have always been the lead agency in most areas in developing inter-agency coordination and agreements. Because of our need to mobilize local resources to meet our local share for match with Federal funds, most CAAs integrate with the welcome assistance from other community organizations: welfare, mental health, FmHA, CDBGs, Community colleges, church groups and others. This solidarity at local, state and Federal levels the past few years have increased not only the capabilities of CAAs but also their credibility. Putting all of the needs for a strong weatherization program under one Federal agency (CSA) will be cost effective. Making grants directly to CSA grantees will allow adequate administrative funds at the point of program delivery where they are needed and avoid costly duplication of administration at the state level. Direct grants to CAAs will mean the money is in place when needed to allow the comprehensive approach of training, energy education, outreach, weatherization, crisis intervention, energy assistance and alternative energy activities to be geared-up and operate smoothly from month to month, from funding year to funding year. Only in this way can the objectives of energy programs be met in a regular and economic way and the needs of the poor be met.

Thank-you for the opportunity to speak with you regarding this needed legislation.

STATEMENT OF CAROL GRAVES, EXECUTIVE DIRECTOR, COMMUNITY SERVICES ADMINISTRATION OF NORTHWEST MISSOURI, MARYVILLE

Ms. GRAVES. Thank you, Mr. Andrews. My name is Carol Graves. I am executive director of Community Services, Inc., in northwest Missouri.

We are a community action agency and we have been operating weatherization assistance programs since 1977. Energy problems are one of the major ones that face our client groups. Therefore, we have tried to develop an effective local delivery system. It has been difficult with the administrative regulations of this program.

The main problems, which you have pretty well pointed out, include the lack of labor, inadequate supervision, the necessity to depend on an unskilled temporary labor force to do skilled work, the ratio of the support and materials cost, the lack of a comprehensive approach and the lack of a self-sufficient program in weatherization.

We consider this legislation as setting the parameters for us to operate a comprehensive program. We think that is important to include the components of weatherization, alternate energy, crisis intervention, outreach, employment opportunities and educational programs in one package.

We think that a direct funding link between CSA and the local community action agencies is more likely to develop a comprehensive approach.

Mr. **Andrews.** Excuse me. What was that again?

Mr. **Graves.** We think that a direct funding link between the Community Services Administration and the local community action agencies is more likely to allow us a comprehensive program plan and program approach. We think the block grant approach at the States should at least include requirements for coordination of these components and that CAA should have a role in developing the State plans.

On the labor problem, I would like to point out that although in our State we have had adequate CETA labor in most cases, we do not have adequate supervision for these trainees. They are unskilled and unemployed people and they are coming into the program. In our case we have 12 trainees for 1 supervisor, with the trainees are working on homes without supervision, as it turns out, and the 1 person is trying to supervise 4 crews and 4 homes at a time, which does not work when the people do not know their jobs to start with.

Another extreme problem in the program is the ratio of the support cost to the materials cost in the program. This would really indicate that one would be better served to buy the most inflated materials and so forth in order to be able to pull out a percentage of supportive costs for transportation, tools and equipment, to perform the job and so forth.

In our case we are a rural area and it requires at least a 30-mile one-way trip to most of our clients. So we are spending a lot of money on gasoline, obviously, to get to the jobs. The materials cost on the home vary, depending on the particular conditions of the home, but the supportive cost to get there and to perform the work retain the same. Therefore, that ratio is a real problem.

This legislation allowing the labor costs to be included in the materials category will be very, very helpful in that regard. We find that the other supportive costs, as best we can determine, are at least running 20 percent on an average of our cost.

We are not, at this point, charging all of our management or administration or inspection costs to the program so we think that the 20 percent in support would at least be helpful and more appropriate.

We are very pleased to see that the elderly eligibility criteria set at 150 percent of poverty, we think the 125 percent of poverty which is currently in effect for nonelderly more appropriate in that the cost of everything is so high. This year with 125 percent as our eligibility, on the average when our clients have finished paying utility bills, just heat costs and other utilities, they have $200 a month for their other expenses, which is obviously not enough to meet their needs, particularly not to add conservation improvements to their homes.

We think the alternate energy and consumer education components are especially important to include. Alternate energy development seems to be the next step after fully weatherizing a home. If this could be included in one comprehensive energy program, it would seem to me more of a need when a home is completely weatherized, if some supplemental solar work can be added it seems to be the logical next step.

Our agencies, as you know, are accustomed in all of our programing to coordinating State, Federal, and local resources that come to bear on a particular problem. We think that this legislation gives us an opportunity to do that more effectively with weatherization and other energy programs.

I think I have summarized.

Mr. **Andrews.** All right. Mr. Coleman, in as much as you need to leave, we will recognize you first.

Mr. **Coleman.** Thank you, Mr. Chairman. I am not sure that Ms. Graves appreciates me asking her to be the lead witness but I thought she did very well. You had a very good statement.

One of the things you did mention was the ratio of supervisory personnel to laborers, and I was wondering what that ratio should be. You said it was 12 to 1 now. What would be the optimum as far as you are concerned?

Ms. **Graves.** We are currently working with crews of three people. We think no more than two of those people should be trainees, which would change our current system to four, one to three.

Mr. **Coleman.** Your experience so far, if we reduce the poverty elibility level from 150 down to 125, as you suggest, or even to 100, as mentioned in the bill, what would this do insofar as northwest Missouri and as far as your serviceability? Do you have any idea?

Ms. **Graves.** I think I miscommunicated one point. The 150 percent per elderly, I am very much in favor of. I do not know what it would exactly do in numbers.

Mr. **Coleman.** Do you feel that there are a number of people that are not being served that should be?

Ms. **Graves.** Yes.

Mr. **Coleman.** You are not even serving the ones that you have out there now?

Ms. **Graves.** We are not serving everyone that is eligible yet, no.

Mr. **Coleman.** What sort of compensation arrangements would be necessary to attract trained supervisory personnel into the program? Has attracting trained supervisory personnel been a problem? And, if so, what kind of figures would be involved in attracting these persons?

Ms. **Graves.** The main part of that problem has been that we have not been able to employ people under our grant from DOE. We have only been able to employ people who are CETA eligible. I think wage limitations have been a problem in a number of areas of the country, not necessarily northwest Missouri.

In our case it has been just plain a matter of not being able to employ those people except as CETA eligible participants. In our area also we have a very low unemployment rate, which affects the people who are eligible for CETA.

Mr. **Coleman.** Has there been an available supply of weatherization materials?

Ms. **Graves.** Yes.

Mr. **Coleman.** What has been the experience of your program insofar as renters are concerned?

Ms. **Graves.** Most of the weatherization work we have done has been on homes that people own. We are dealing with renters. The landlord needs to sign an agreement stating that he cannot provide those improvements, and that he will not raise the rent as a result, and that he will not kick the people out within a certain period of time.

Mr. **Coleman.** Mr. Chairman, I thank you. I also thank Ms. Graves for coming. As I indicated earlier, I do have another hearing that I have to attend but I did want to be here while Ms. Graves testified.

Mr. **Andrews.** Thank you very much. Mr. Williams, do you have any questions?

Mr. **Williams.** No questions.

Mr. **Andrews.** Gordon Raley, our staff director, do you have any questions?

Mr. **Raley.** If I may ask just one. Do you have any idea how many homes have been weatherized in your area during the last year.

Ms. **Graves.** 226.

Mr. **Raley.** You mentioned that most of the homes you are currently weatherizing were owned. Since most of the eligible individuals for the program are low-incomed, what percentage of people below the poverty level own their own homes?

Ms. **Graves.** Not the majority. I do not know the exact percentage.

Mr. **Raley.** I presume that it is not the majority. Do you have any idea?

Ms. **Graves.** I am sorry. I really do not know a percentage.

Mr. **Raley.** Thank you.

Mr. **Andrews.** What is the policy with respect to persons who qualify in terms of income, age, or handicapped, and who live in a home that obviously needs weatherization to prevent excessive fuel costs, but who rent a home that is owned by someone who would not be eligible under the guideline requirements. What do you do about that?

Ms. **Graves.** The person who owns the home does not have to be eligible for the program. We have come across cases where the person who owns the home will not agree to the weatherization improvements being made. The policy is to approach the homeowner with what the program can do, explain to them that their tenant is eligible and try to encourage them to enter into an agreement to allow the work to be done.

Mr. **Andrews.** I guess that would be the exception rather than the rule. I would think that most of the homeowners would be glad to have the improvements made with no cost to the homeowner. That would be more typical, I would presume.

Ms. **Graves**. It would seem so. However, in our section of the country we have come across lots of people who do not want to be involved with Government programs.

Mr. **Andrews**. In a case where the landowner will acquiesce or consent to it, you then improve the property by weatherization? It must be quite a problem. You really are benefiting, depending on how long the tenant stays there, the landlord more than anyone else and the landlord might well be a millionaire.

Ms. **Graves**. In the cases where we have performed weatherization work on rented property, the landlords, as I said, there is not an eligibility criteria for them. However, they are not as affluent as you are speaking to. That obviously has to be a problem.

We do certain things. Like storm windows, for instance, we do not normally do on rented property. We normally do the infiltration problems, stopping up holes in the house and tightening windows, attic insulation is normally done.

Mr. **Williams**. Will the chairman yield?

Mr. **Andrews**. Yes.

Mr. **Williams**. You made an interesting statement that in your part of the country some people prefer not to be involved in Government programs. I know that it is a difficult question to answer, but can you tell us generally why those people feel that way about their Government and their Government's programs?

Ms. **Graves**. I can tell you what some people have said to me. In the first place, they think they are going to have to do a lot of stuff, do a lot of paperwork and so forth that will bind them up somehow.

Mr. **Williams**. They are right about that.

Ms. **Graves**. Yes. Some people are frightened, particularly elderly people are frightened, that some day someone is going to come back and want them to pay for that. Particularly the elderly, even those who own their homes, our workers need to explain to them very clearly and very much that, no, someone is not going to come back and ask you to pay for this improvement. They have real concerns and fears of that.

Mr. **Williams**. Thank you, Mr. Chairman.

Mr. **Andrews**. All right. Are you going to be able to stay with us?

Ms. **Graves**. Yes.

Mr. **Andrews**. There may be other questions later. Perhaps we will go on through at least the first panel before we ask additional questions. If you can stay with us, we may call you back later.

Ms. **Graves**. Thank you very much.

Mr. **Andrews**. Thank you.

Let's ask the other three local program directors if they will just come forward together. That would be Dina Hunter, Gene Leuwer, and Mary Ann Vandemark.

Dina, if it suits you them, we will ask you to give your statement first.

[Prepared testimony of Dina Hunter follows:]

PREPARED TESTIMONY OF DINA HUNTER, PROGRAM DIRECTOR, ENERGY CONSERVATION COMMUNITY SERVICES DEPARTMENT, COUNTY OF SAN BERNARDINO, CALIF.

Mr. Chairman, and members of this committee, I am Dina Hunter, Energy Conservation Program Director for Community Services Department, the Community Action Agency in San Bernardino County. We have been operating the energy program for the low-income since 1977. During the past three years we have weatherized over 2,000 dwellings, provided any energy education program for 250,000 school aged children, performed in excess of 900 energy audits for conventional residences and mobile homes, assisted 4,000 families with their utility/fuel bills, provided training and technical assistance to 20 similar energy programs throughout the state, and are in the midst of developing a component for alternate technology.

Funding for our energy programs has included both public and private sector monies. Currently we have ten various funding sources. We have effectively created a "one stop" comprehensive energy delivery service for the low-income, elderly and disabled.

Our program, despite changing, and at times confusing and rigid legislation, continuous problems such as CETA staffing, has, to some degree, flourished.

The question here today is not the success of one particular program, but rather, what are the needs of low-income families and individuals, and how to effectively address those needs.

I am here today gentlemen, to convey to you that this flourishing can be magnified to such an extent that the energy needs of the low-income will be significantly reduced. To accomplish this, we suggest a careful look at the existing program to identify areas of improvement and develop a comprehensive, ongoing energy program that contains weatherization, consumer education, alternate technology and energy assistance.

To begin with, I will speak briefly on several areas within the existing program that can be improved.

LABOR

The manpower shortages are acute, yet, CETA dollars go unexpended. San Bernardino County alone reported 45 percent unexpended CETA dollars for fiscal year 1979. Even when CETA labor is available, wages are so low that filling slots is a problem.

Staff turn-over is extremely high, creating a quality control problem. Our experience has shown almost a 100 percent turnover on an average of every four months.

Allocating a specific number of CETA dollars to Community Action agencies and allowing those agencies to hire qualified staff out of program funds will provide the much needed stability in operations and allow for proper program planning. To facilitate this, we recommend a 25 percent allowable expenditure level for program support.

PROGRAM ADMINISTRATION

Under Department of Energy administration, program operation has been seriously hindered due to rigid and inflexible guidelines. One example of this, is the $1000 limitation per dwelling unit. We support the plan to transfer the weatherization program administration back to Community Services Administration because under CSA, energy programs were allowed more autonomy, decision making authority, and the responsibility to establish priorities at the local level within broad Federal guidelines. This flexibility lends itself to a higher production level and the development of an energy program that meets the needs of the community.

ALLOCATION FORMULA

Decontrol coupled with the continuous escalation of energy costs will most assuredly place San Bernardino's low-income in a life threatening situation. With 10 percent of the Nation's low-income, equal consideration must be given to allocation to available resources. The present allocation formula has effectively reduced the amount of energy funds California will receive because of the disregard for cooling degree days. Over 25 percent of the Nation's low-income and elderly utilize air conditioning in their homes. For the sick and elderly, cooling during the summer months is as important and essential as heating in the winter. California households use more energy per capita than any of the other States due to the lack of thermal integrity of the building structures. These reasons mandate that equal consideration in the allocation formula be given to heating degree days as well as cooling degree days.

In conclusion, let me say that Community Services Department believes that energy is a life essential resource. Every person has the right to energy resources, adequate to provide light, heat and cooling. These resources are just as important to survival in our modern society, as the traditionally understood necessities—food, clothing, and shelter.

Mr. Chairman, and members of this Committee, on behalf of Community Services Department, I would like to thank you for your consideration and hope that you keep in mind the concerns expressed today. We look forward to operating a well planned comprehensive energy program that will meet the needs of our Nation's poor, and alleviate our Nation's energy dilemma.

STATEMENT OF DINA HUNTER, PROGRAM DIRECTOR, ENERGY CONSERVATION COMMUNITY SERVICES DEPARTMENT, COUNTY OF SAN BERNARDINO, CALIF.

Mrs. HUNTER. Mr. Chairman, and members of this committee, I am Dina Hunter, energy conservation program director for Community Services Department, the Community Action Agency in San Bernardino County. We have been operating the energy program for the low-income since 1977. During the past 3 years we have weatherized over 2,000 dwellings, provided an energy education program for 250,000 school-aged children, performed in excess of 900 energy audits for conventional residences and mobile homes, assisted over 4,000 families with their utility/fuel bills, provided training and technical assistance to 20 similar energy programs throughout the State, and are in the midst of developing a component for alternate technology.

Before I go on, let me say that the 2,000 homes weatherized could have been half as much more had we had available trained, skilled personnel.

Funding for our energy programs has included both public and private sector moneys. Currently we have 10 various funding sources. We have effectively created a one-stop comprehensive energy delivery service for the low income, elderly and disabled.

Our program, despite changing, and at time confusing and rigid legislation, continous problems such as CETA staffing, has to some degree flourished.

The question here today is not the success of one particular program, but rather, what are the needs of the low-income families and individuals and how to effectively address those needs.

I am here today, gentlemen, to convey to you that this flourishing can be magnified to such an extent that the energy needs of the low income will be significantly reduced. To accomplish this, we suggest a careful look at the existing program to identify areas of improvement and develop a comprehensive, ongoing energy program that contains weatherization, consumer education, alternate technology and energy assistance, and development.

To begin with, I will speak briefly on several areas that within the existing program can be improved.

Labor, and you will probably hear a lot about labor, the manpower shortages are acute, yet CETA dollars go unexpended. In San Bernardino County alone a report that was just issued showed 45 percent unexpended CETA dollars. The consortium that we are in, which consists of four jurisdictions, the county of San Bernardino, the county of Riverside, the city of San Bernardino, the city of Riverside, has just sent back $10 million. This is while we are begging for CETA spots and this is while CETA unemployables are begging to become CETA employees.

Even when CETA labor is available, wages are so low that filling these slots is an additional problem. We have had CETA slots allocated to us without being able to fill them. Even if they are filled, staff turnover is so extremely high that it creates an additional problem, which is quality control. Our experience has shown almost a 100-percent turnover occurs every 4 months.

Allocating a specific number of CETA dollars to community action agencies and allowing those agencies to hire qualified staff out of program funds will provide the much needed stability in operations and allow for proper program planning. To facilitate this, amongst other things, we recommend a 25-percent allowable expenditure level for program support.

Program administration, another area of which we have been speaking to considerably in the last few months. Under the Department of Energy administration, program operation has been seriously hindered due to rigid and inflexible guidelines. One example of this is the $1,000 limitation per dwelling unit. We support the plan to transfer the weatherization program administration back to the community services departments because the Community Services Administration has under their administration for the most part allowed autonomy and local decisionmaking authority and has given the responsibility of designing those programs to the local level.

This flexibility lends itself to a higher production level and the development of an energy program that meets the needs of the local community.

Allocation formula, I am sure you have all heard a considerable amount of debate over the allocation formula. Decontrol coupled with the continuous escalation of energy costs will most assuredly place California's citizens, and any other citizenry in the country, a low-income citizen, in a life-threatening situation.

The present allocation formula has effectively reduced the amount of energy funds California will receive because of the disregard for cooling degree-days. Over 25 percent of the Nation's low-income elderly utilize air-conditioning in their homes. For the sick and the elderly, cooling during the winter months is as important and essential as heating in the winter.

California households use more energy per capita than any other State, due to the lack of thermal integrity in the building structure.

The heating degree factor does not correlate with the energy assistance needs. What I mean by that is that there is a handbook of fundamentals from the American Society of Heating and Refrigeration, Air-Conditioning Engineers, and it states in fact that the heating degree-day is a linear progression and not exponential. Therefore, the doubling of heat does not mean that you need the doubling of heating degree-days. I can better explain that. I did not do that very well.

The question is, will heating cost double for the identical amount of heating degree-days? As your heating degree-days go up—you are using a squaring of heating degree-days and that does not correlate with the needs of heat for heating a home. Did I explain that all right? Do you understand what I mean by that? I can do this again.

Strict engineering calculations determining that heating requirements as a linear relationship to heating degree-days, that is what I am talking about.

Mr. Andrews. I think that is in the Senate bill, but the House bill makes no reference to that.

Mrs. Hunter. I think the House bill does not mention cooling degree-days at all. We are hoping that it will mention cooling degree-days.

These reasons mandate that equal consideration in the allocation formula be given to heating degree-days, as well as cooling degree-days.

Another point here is that administratively, the cost to deliver the weatherization services in Maine is about the same to deliver those same services in California. Administratively there is very little difference in delivering service.

With regard to energy demands, keep in mind that there has never been a brownout or a blackout due to the overusing of heating units.

Again, we say that California represents 10 percent of the Nation's low income and with that must be given equal consideration in the allocation formula.

In conclusion, let me say that the community services department believes that energy is a high essential resource. Every person has a right to energy resources, adequate to provide light, heat and cooling. These resources are just as important to survival in our modern society as the traditionally understood necessities of food, clothing and shelter.

Mr. Chairman, and members of the committee, on behalf of the community services department, I would like to thank you for your consideration and hope that you keep in mind the concerns expressed today. We look forward to operating a well-planned comprehensive energy program that will meet the needs of our Nation's poor and alleviate our Nation's energy dilemma.

Mr. Andrews. Thank you. If it is agreeable, we will hold our questions until at least these three have completed their statements.

Mr. Williams, would you like to introduce Mr. Leuwer.

Mr. Williams. I thank you, Mr. Chairman, and I will do so. There are a couple of Montanans here with us today, and as you know, it is not often that I can look out and see faces from my district. Gene, I am delighted you are here and I want the committee to know that you have been with the Rocky Mountain Development Council since 1971 and its executive director since 1974.

The council, Mr. Chairman, is a community action agency serving three Montana counties and it has been very active in home weatherization programs.

pages tightly bound

In addition, Gene is chairman of the Region 8 Community Action Director's Association, which is a CSA funded agency and it is an energy advocacy organization. Gene, we are pleased that you bring that expertise with us and we look forward to having your testimony.

[Prepared testimony of Gene Leuwer follows:]

PREPARED TESTIMONY OF GENE LEUWER, EXECUTIVE DIRECTOR, ROCKY MOUNTAIN DEVELOPMENT COUNCIL, HELENA, MONT.

Mr. Chairman, members of the House Subcommittee on Human Resources, I am Gene Leuwer, Executive Director of Rocky Mountain Development Council, a Community Action Agency located in Helena, Montana. Additionally, I am President of the Region VIII Community Action Directors' Association comprised of CAA Directors from Colorado, North and South Dakota, Wyoming, Utah and Montana.

I would like to offer testimony concerning H.R. 6136 entitled "Title XI—Comprehensive Energy Conservation Services." First, let me say that Rocky Mountain has operated the Weatherization Program since its inception in 1975. Also, my agency has administered the Crisis Assistance Program since it became law.

Perhaps as never before the energy related interests of the poor are consistent with the national interest. First, let me say that Congress is wise to place energy programs for the poor and elderly in the Community Services Administration (CSA). I firmly believe that CSA and Community Action Agencies better understand the energy requirements of the poor than does the Department of Energy (DOE). The level of priority for the energy programs will be higher in CSA than in DOE. And keep in mind that Community Action Agencies are the major service providers under the present DOE program. It is quite logical to combine all energy related programs for the poor into one federal agency and administer those programs through the Community Action network.

A major problem I have encountered in the Weatherization Program has been securing adequate labor. In the past, our program has had to rely on the Comprehensive Employment and Training Act (CETA) for labor. CETA labor has proved to be inconsistent and unreliable. Absenteeism is high; self discipline is low or non-existent. When the Congress limited the CETA wage to an average of $3.41 per hour, securing adequate labor became even more difficult. Also, remember that in the energy impact areas of Colorado, Utah, Wyoming and soon in Montana, the labor pool is dwindling. My experience has shown that CETA has become a hindrance to efficient, quality production.

Plagued with non-performance, the Department of Energy began to grant waivers to allow projects to hire workers with grant funds if CETA labor could not be procured. I hired a crew on waiver and paid them $5.35 per hour rather than $3.41 on CETA. I discovered that performance was up fifty percent (50 percent). By giving workers a decent wage, productivity increases.

Frankly, you must decide if you want a job training program or a weatherization program. In some areas CETA may work well; in some areas it is not the answer. The same applies to volunteer help. How many corporations accomplish performance goals with volunteers? The government actually loses money when an unskilled youth, CETA worker or volunteer wrongly installs materials. Keep in mind that hanging doors and measuring windows requires a level of skill akin to the journeyman carpenter. Further, remember that supervision of unskilled workers is expensive and time consuming. In the field, we need the latitude to determine the best way to get the work done. I can tell you that CETA, as presently written, low income youth and volunteers are the problem—not the solution to weatherization labor needs. For your information, the agency I direct also operates youth employment programs, a wide range of senior citizen programs, and has many CETA slots in weatherization and non-weatherization positions.

Another problem with relying on CETA labor has been that although Congress mandated that CETA be utilized for weatherization labor, by the time the priority "shakes down" through state prime sponsors, there are other priorities and/or program cutbacks that effectively deny CETA laborers to weatherization projects.

Another related CETA problem is that if we are successful in training CETA labor to perform the work, at the end of their eligibility they are back on the street. Although federal eligibility allows eighteen (18) months, states have the discretion to limit eligibility to twelve (12) months. If the Congress must use CETA for labor, eligibility should be twenty-four (24) months or longer and pay should be at least $4.80 per hour or $833 per month. I emphatically stress that agencies in the field should have the discretion to utilize CETA, low income youth and volunteers when they complement the Weatherization Program, but other labor must be available and at the discretion of the local agency charged with carrying out the weatherization program.

HR 6136 allows for minor furnace repair. Presently, DOE allows for furnace repair not to exceed $100. There is a glaring need for furnace system evaluators, technicians and funds to repair and/or convert heating systems. For example, if a client is on fuel oil and natural gas is available, that household could be hooked up and given a natural gas space heater(s). Many times furnaces need replacement parts in excess of $100 and the weatherization program cannot remedy the situation. Give us technicians and authorization to modify, replace and/or convert heating systems. This activity would do much to reduce heating costs for the poor, while saving scarce, expensive fuels such as fuel oil.

I find the funds distribution formula to have several omissions. Neither HR 6136 nor S 1725 take into account the west's sparse populations vis a vis tremendous square mile areas. For example, in the populous northeast, Buffalo has a population density of 11,000 persons per square mile. The population densities for the six (6) inner mountain states average ten (10) persons per square mile. What this means is it costs more money in transportation and per diem to weatherize a rural dwelling than a comparable urban dwelling where distances are short.

For example, if a crew is sent to Augusta, Montana from Helena, round trip is 180 miles. In my agency's service area there are six (6) such rural communities. It is neither cost effective nor practical to send a crew that distance on a daily basis. Therefore, crews must receive per diem and stay all week. Eighteen cents ($.18) per mile for 180 miles equals thirty-two dollars ($32.00). Sixteen dollars ($16.00) a day per diem for a crew of three (3) for one week equals two hundred forty dollars ($240.00). Therefore, program support to weatherize eight (8) houses in Augusta for transportation and per diem is thirty-two dollars ($32.00) per house higher than support costs to weatherize a comparable dwelling in Helena, Montana. Large square mile areas with low population density must be weighed in HR 6136's distribution formula.

HR 6136 counts persons over sixty (60) within states compared with those over sixty (60) in all states. Sunbelt states with large retirement populations will benefit, although many of those retirees are above poverty guidelines. A more accurate and equitable measure is to count those over sixty (60) who are below the poverty level.

The distribution formula should be more heavily weighed in favor of areas with higher degree day heating requirements. Either degree days or degree days squared should be used as fifty percent (50 percent) of the formula.

On the question of eligibility, HR 6136 should not limit applicants to one hundred percent (100 percent) of Office of Management and Budget Guidelines with those over sixty (60) to one hundred fifty percent (150 percent). One hundred fifty percent (150 percent) for all is more equitable. I find that many working poor who are just above the poverty level are denied assistance. In many cases, these individuals could quit work and receive benefits equal to their diminutive wages. In effect, the working poor are often penalized for earning their way. These people deserve consideration by the Congress.

I am pleased to see that Crisis Intervention will be annualized. In the past, program funds have arrived in late January—half way through the heating season. Power bill assistance should be in place by October 1st with local agencies. If the Federal Agency has authority by October 1st, the state plan will be approved by the end of November, and the local agency will receive money by sometime in December—too late. Fuel bill assistance programs should be on line by October 1st of each year with local providers. Cooperative agreements with utility companies should be consumated whereby the controlling agency is billed for actual power usage by those eligible. Knowing actual usage, we can then pay a percentage of the total bill, reducing what the poor person pays to ten percent (10 percent) or five percent (5 percent) of that individual's income.

Not using actual usage figures can lead to two serious problems: first, the applicant may not receive sufficient funds to pay usage needs; and second, if too much money is advanced on a line of credit, the utilities have a revolving fund to finance operations compliments of the federal government. It is imperative that payment amounts be pegged at all or a percentage of actual usage. This procedure must be standardized within the states.

Congress must recognize that utility bills are not the only adverse affect of higher energy costs. You must implement an aggressive Crisis Program with both fuel bill assistance and an aggressive program to counter other energy related emergencies that low income people may suffer.

Another problem with Crisis Assistance and to a lesser extent with weatherization is the state administrative holdback. For example, state administering agencies are responsible for a state plan, writing contracts and monitoring performance goals. These costs are relatively static whether passing through one million dollars or six million dollars to local agencies. With increasing expenditure levels, a state that receives a flat five percent (5 percent) for administration is on a very nice escalator.

Suppose State "A" received a crisis grant last year for one million dollars and captured fifty thousand dollars ($50,000) administration. The state prepared a state plan, wrote ten (10) contracts with CAAs for service delivery and monitored the program. Suppose this year State "A" received six million dollars for Crisis Intervention, thereby receiving five percent (5 percent) or three hundred thousand dollars ($300,000) for administration. The state may have some additional work, but not six times as much. There is a certain economy of scale.

Given such a windfall, state agencies may be tempted to use weatherization and crisis administration funds to pay for non-related administrative costs. Such state administrative costs should be kept reasonable and directly related to program activities. On the other hand, as the work load in the field increases so does the need for administration and program support activities. Funds not utilized by the states for administration should be passed through to the local service provider. Both state and local agencies should be paid for actual administrative costs. Neither should be over paid nor under paid. Your requirement that a state retain five percent (5 percent) administrative costs is a nice way to fund state government, but does not fairly reflect the real costs of state and local agencies.

And finally, it is gratifying to see that HR 6136 has provisions for outreach, short term assistance, energy counseling, alternative energy, research and development and natural disaster reserve. I only caution you to appropriate sufficient funds for each activity. We can do the job at hand if we have clear, consistent authority, discretionary power at the local level, and enough funds to carry out the mandate.

Wherever the weatherization and crisis program are located in the Federal Government, please mandate that a workable appeals process be established for state agencies. An accessible objective forum needs to be established to resolve differences between state and federal government when state plans for Weatherization and Crisis Intervention Programs are being drafted. A well intentioned federal employee can cause the poor not to have available all the assistance Congress intended by a restrictive rule interpretation. In some systems there is presently no quick way around such an interpretation.

I have attached a summary of this testimony for your convenience. I sincerely hope you will consider these suggestions in passing HR 6136 and carrying it forth to Conference Committee and to the Executive Branch. Thank you for your time.

SUMMARY OF TESTIMONY ON H.R. 6136

A. Energy related programs for the poor and elderly should be administered by the Community Services Administration (CSA) and the Community Action Agency (CAA) network. These agencies can reach the poor and better understand the energy related needs of the disadvantaged. CAAs have much better contact with and access to the poor.

B. 1. CETA is unreliable from procurring necessary employment slots to training and supervising trainees and achieving performance goals.

2. The CETA wage is ridiculously low at $590 per month. I should be at least $833 per month for weatherization workers. Enrollee eligibility should be at least twenty-four (24) months for weatherization workers.

3. Congress must decide if it wants a weatherization program or a CETA training program.

4. CAA Directors must have the discretion to utilize CETA workers, volunteers, youth or grant funds in any workable combination thereof to accomplish performance goals.

C. 1. Funds are needed for furnace technicians, repair modification and/or replacement of existing heating sources.

2. Funds should be made available to CAAs for outreach directly related to energy. Congress must promote access to programs by the poor.

D. 1. A large part of fund distribution formula should be determined by proportion of number of degree days or degree days squared per state as proportion of degree days or degree days squared in all states.

2. The funds distribution formula must consider the large areas of the west vis a vis low population density. This condition drastically increases program support costs in rural areas.

3. The funds distribution formula must take into account poor persons over sixty (60) years old per state by poor persons over sixty (60) in all states.

E. Applicants should universally be eligible for services at one hundred fifty percent (150 percent) of the poverty level, not those below sixty (60) at one hundred percent (100 percent) and those above sixty (60) at one hundred fifty percent (150 percent). To do otherwise penalizes the working poor.

F. The utility portion of the Crisis Program should be on line by October 1st of each year. Program should address energy related needs other than just home heating costs.

G. The Crisis Program should pay a percentage of actual heating usage—not an approximation. Utility companies should supply actual usage figures. Potential abuses from inaccurate distribution formulas not utilizing actual consumption figures include underpayment of the heating bill and/or overpayment in which case the utility benefits at government expense.

H. The state administrative holdback for weatherization, crisis intervention and related activities should be proportionate to state administrative duties directly related to program activities. A flat five percent (5 percent) is high and prone to abuse.

I. Federal appeals process must be quick and objective for states regarding state weatherization and crisis plans. An important aspect of the Bill is its recognizing the need for outreach, energy counseling, energy advocacy, alterantive energy, short term assistance, and a natural disaster reserve.

STATEMENT OF GENE LEUWER, EXECUTIVE DIRECTOR, ROCKY MOUNTAIN DEVELOPMENT COUNCIL, HELENA, MONT.

Mr. LEUWER. Thank you very much. Mr. Chairman and members of the committee. I am pleased to be here and I think my testimony will generally follow the testimony that has already been presented.

First of all, I would like to support the bill in that it transfers the weatherization program to CSA from the Department of Energy. It is our feeling, in Montana in region 8, that those programs will have a higher priority, more flexibility and more impact on the poor in CSA than they would in the Department of Energy.

Again, as other areas of the country have mentioned, our primary problem with the operation of the program is the availability of CETA labor. As you know, the average wage for CETA labor is $590 a month, with the maximum of an 18-month eligibility program. Much of the work that is required, either in hanging doors or measuring windows, is pretty skilled labor.

The CETA program, as well as the other programs mentioned in the bill, the volunteer programs or senior citizens programs, all in some areas may be of some help. But overall I think Congress would be wise to direct whichever Federal agency operates the program to leave a large degree of discretion at the local level to make sure that the problems you raised in your opening statement do not occur, like the materials sitting in warehouses.

We have recently in the past couple of months received some waivers from the Department of Energy, contracted for some additional labor, and our preliminary experience with the contract labor, which allows us to in essence hire non-CETA help, labor funded directly from weatherization funds, shows that the per unit cost of the houses is cheaper when you hire the skilled work to do it.

I think we are looking at a substantial savings by paying people at the higher skilled level a decent livable wage to do the work. It is not good for either Government at the Federal level or us locally to have unskilled help that is not adequately supervised doing poor quality work. It is not a wise move in the long run.

You have, I am sure, in all cases different State agencies and different Federal agencies who are responsible for CETA and for weatherization programs. Their objectives or their requirements may not always meet. In Montana, because of the unemployment statistics, we have had a severe cutback in the amount of CETA funds available to the State.

Even if the labor was skilled, and in some areas it is available, the CETA dollars to hire that labor are not. So when we are sitting there with hundreds of thousands of dollars of material money yet we are prohibited from buying labor to put it in the house, it is not doing anybody any good.

Oftentimes, even with the best intentions the stipulations put on the different prime sponsors by their respective agencies, they do not allow the programs to mesh once it gets down to one place. I think Congress and the Federal Government has to determine whether or not they want an auxiliary to the CETA training program or whether they want a weatherization program. If you want a weatherization program to help the poor, then I think you allow the people to deal with that on a local level to do whatever is necessary to get the insulation in the house.

I would like to support the bill also in that it gives additional flexibility to the use of funds in the areas of energy audits, the alternative energy consumer education, a broad range of energy-related issues. One of the things that I personally think needs to be developed, we have done a lot in the first stage, stopping the infiltration in houses.

Mr. ANDREWS. Stopping the what?

Mr. LEUWER. The infiltration, or the cold air seeping into the house and the heat seeping out.

I think the next thing is, at the present time there is a $100 limitation on the DOE program on furnace repairs or mechanical repairs. I do not think that in all cases that limitation is justified. Many of the heating units in the older houses, houses where the poor live, in some cases need to be replaced at the cost of $500, $600, $700, and that is the most efficient way to do it. In some cases it is just not possible to patchwork an existing heating unit for $100. In other cases, you may be able to make some definite improvements.

For the most part, because of available labor and available money, most of the activity in our area has been in the insulation, caulking kinds of things. I really think there are some technical aspects here.

Whether it is the wrapping of heating pipes, dampers on flues, and furnaces, electronic pilot lights or electronic gizmos to start natural gas burners, these things have a substantial savings. I do not think $100 is adequate to cover that category.

I think the primary advantage to having a Community Services Administration, community action agency, operate the program is the access they have to the poor. I think Congress and the administration should recognize the burden that that places on existing programs funded by the Community Services Administration. You have $100,000 to do a number of things under a Community Services Administration work program, and your added at $200 or $300,000 winterization program, much of the activity that would have originally been carried out under the other program is not done. It takes money to support that. Your administrative cost, as I mentioned before, is not high enough to adequately cover it.

I would strongly urge that money be appropriated to community action agencies to increase outreach to poor people. That is the one big advantage I think that community action agencies have, the service to deliver, access to the poor, but I think it needs to be paid for.

As far as the funds or the distribution formula goes, I have basically three recommendations. One is that a significant share of the distribution formula be based on the number of degree days or the degree days squared per State as opposed to the number of degree days or squared days in all States. The distribution formula also should consider large areas of the west vis-a-vis the low population density. This condition drastically increases program support programs in rural areas.

In Montana, I serve a relatively small geographic area. It is not unusual in our rural areas that an additional $30 to $35 per house is incurred in travel and per diem costs for crews to do the work. I think in your distribution formula you should take into account, in addition to the number of people, the number of square miles served. Some people call it the social cost to space.

I would also recommend that the funds distribution formula take into account the number of poor people over 60 years old by State or the percentage proportioned by State over 60 as opposed to the population as a whole over 60 who are poor. I would tie that to 150 percent of the poverty index.

It is my recommendation that eligibility for the program be raised from 125 percent of poverty to 150 percent of poverty for everyone, including the elderly. It is currently written with the elderly. I would recommend that it cover everyone.

Another important aspect of the bill is that it institutionalizes the fuel bill payment and crisis intervention program. One of the problems we have had at a local area or the local level, with the various Federal agencies operating the crisis program, this year it was January by the time we got a contract to start making payments. By the time a Federal agency and a couple of State agencies get done with writing State plans bickering back and forth over what they can do or cannot do, get a formula set out in a plan and are able to write contracts to the local agency to do the program, the winter is half over.

I think that those things should be done and in place by the first of October. It takes a couple of months lead time, once the money is appropriated and goes out to the Federal agencies, to get to us. In the present system it goes through the community action agency before it hits the poor, so there is that much of a lead time required.

It is my belief that the crisis program should pay a percentage of the actual heating usage, not just an approximation. I think the utility companies, and already have been, are very helpful in applying actual usage figures. If you can tie the amount of the payment to the actual usage, I think it assists the poor in that it makes sure that they receive adequate help and it assists the Government in making sure that they are not overcompensating for a service.

The winterization program, as it is presently structured, allows or requires 10 percent administration with 5 percent help at the State level. In both the winterization program and the crisis intervention program, as the amounts of money nationally drastically increased in those programs, the amounts of money available to the States increase. There is a certain economy of scale reached at State level government as well as local level government.

It is my belief that in some cases a 5-percent hold back is not necessary at the State level. There may not be that many costs tied to contracting a program out as that 5 percent adds up in money. I would suggest that the administrative costs be directly tied to the responsibilities, that the local operators may have, from my perspective, more money available and in some cases have more administrative work to do on it.

The other thing I would recommend is that an appeals process be put in place between State government and Federal Government. When the regulations come out in the Federal Register the interpretation of individuals of States or Federal Governments is different. In our part of the country there have been some serious misunderstandings between State and Federal people that have cost the poor needed assistance. There does not seem, in some cases, to be an appeals process available to State government that allows a quick remedy or a quick objective decision for that conflict. I do not know whether that is particular to our region or if those problems exist in the country as a whole. But I think that needs to be instituted.

That is all I have.

Mr. ANDREWS. Thank you very much. That is quite informative to us, I can assure you.

Next we have Mary Ann Vandemark from Michigan.

We look forward to your statement.

[Prepared testimony of Mary Ann Vandemark follows:]

PREPARED TESTIMONY OF MARY ANN VANDEMARK, DIRECTOR, HUMAN DEVELOPMENT COMMISSION, CARO, MICH.

Mr. Chairman, members of the Committee, I appreciate the opportunity to appear before you today to speak on the issue of weatherization for low-income people in the Nation.

In order to give you a little background, I am a Community Action Agency Director, from the Thumb area of Michigan. Our agency, the Human Development Commission, serves a very large rural geographical area with a great variety of programs ranging from work training, senior, youth, and energy conservation. This enables the Human Development Commission to have a very comprehensive approach to energy-related problems. Our service area includes the counties of Huron, Sanilac, Tuscola and Lapeer. None of these counties have major cities.

The 1980 projected census of the Thumb area, indicates that approximately 170,000 individuals reside in the four-county area with 12.5 percent identified as low-income. Forty-five percent of the identified low-income residents are over 60 years of age.

In addition, 67 percent of the homes in our area were built prior to 1929, with 45 percent of these homes utilizing fuel oil as the primary source of home heating, followed by natural gas, propane and wood. As indicated, 45 percent of the low-income population are over 60 years of age living on fixed incomes. It is the low-incomes who can least afford the escalating costs of fuel and utilities. One method of reducing the burden is to decrease usage, thereby, reducing costs.

The weatherization of homes is one method. We began our Weatherization Program in 1976, with a small $35,000 grant from the Community Services Administration. Since that very small beginning, we have increased to over $300,000 in the area of weatherization alone. We have weatherized 645 homes to date with over 207 IDENTIFIED ELIGIBLE APPLICANTS on the waiting list. The problem is that the list keeps growing and we do not have the resources to keep up with the demand.

As previously mentioned, we began operation within the framework of the Community Services Administration, and have continued to be an operator for the Department of Energy, through the State of Michigan Economic Opportunity Office.

As a service provider, I would like to share with you some of the problem areas we now face:

1. In serving a large geographical area, we are faced with the high cost of gasoline both by the work force and the delivery of materials to the worksites from centralized warehouses. In order to do this as cost efficiently as possible, it was necessary to seek additional dollars to purchase van-type vehicles in order that the crew and materials reached the worksites simultaneously.

2. In many instances, the utilization of CETA personnel as a primary work force has not been successful for the following reasons:

(a) Located in Balance of State area, faced with maximum allowable wage of $3.40 per hour.

(b) CETA personnel do not have the resources to purchase, nor do they own a dependable cost-efficient vehicle.

(c) Current costs of gasoline at a $1.25 per gallon.

(d) Public transportation is not available in the Thumb area.

(e) Utilizing unskilled labor in skilled production.

3. The lack of adequate resources available to hire necessary supervisory personnel.

4. The lack of local advisory groups with authority to make decisions regarding program operations at the local level.

5. The multitude of paperwork in the form of reporting requirements we are currently required to submit.

6. The lack of dollars to support the staff required to process these reports.

7. The lack of clear definitions as they relate to the weatherization of mobile homes (due to the high cost of construction, many of our area residents are now residing in mobile homes).

8. The limitation of $560 for materials for homes.

9. The $100 limitation for major repairs in relationship to roofing or furance repair problems.

10. What is to be done with an uncompleted home?

11. The slow process in receiving contracts, overlaps in contracts, creating a short-term high-level of activity with lay-off notification pending.

12. Cash flow problems.

Through the effort of the Communtiy Services Administration, we were able to purchase vehicles for the Weatherization Program. A one year appropriation of funds through the State of Michigan has allowed us to hire personnel to supplement. With these one-time only added benefits, we have been able to weatherize over 150 homes during the past year with the largest percentage completed in the past four months. I would at this time, like to add that the Community Action Agencies already have the mechanism for outreach/intake systems and direct access to the poor and is, therefore, a great supporting factor to enable Community Action Agencies to have a very comprehensive approach and the ability to coordinate energy resources.

In response to the problem areas, I would like to make the following recommendations:

1. Increase the maximum cost per home including repairs.

2. More clarification as to permissible items such as adding storm windows as an allowable cost.

3. Program eligibility be consistent and include low-income and near poor, raise to 150 percent with minimum designated homes to be complete in priority groups.

4. Flexibility in the hiring of labor with utilization of CETA-eligibility and older workers to the maximum extent.

5. Support of the local advsory council concept.

6. Concurrence with the allocation formala.

7. Program support costs increased to 25 percent.

8. Support the transfer of low-income Weatherization Program back to the Community Services Administration, with the provision for adequate staff for a smooth transition period.

Mr. Chairman, I would like to add at this time, that most of you, I are sure, are well aware of what is happening with the auto industry in the State of Michigan. Within the State, we, therefore, have many unemployed persons who are not CETA eligible, and under the current regulations we do not have funds available for the hiring of these people.

Again, thank you for allowing me the opportunity to present these points of view. I firmly believe that it is very difficult to operate programs that do not contain provisions for local decision making. Many local factors prohibit effective program delivery without some local control. We also believe that the Community Services Administration has the flexibility to enable us, as program service deliverers, to effectively engage in other activities that also relate to energy conservation. Thank you.

STATEMENT OF MARY ANN VANDEMARK, EXECUTIVE DIRECTOR, HUMAN DEVELOPMENT COMMISSION, CARO, MICH.

Ms. VANDEMARK. Thank you, Mr. Chairman and members of the committee. I appreciate the opportunity to appear before you today to speak on the issue of weatherization and the energy conservation for low income people in the Nation. I support the statements and my testimony will follow along with the two statements that have been provided before me.

Just to give you a little background, I am a community action director from the thumb area of Michigan, which serves a very large geographical area with a great variety of programs that procede with a comprehensive approach to the energy problem, among them ranging from work experience to youth and senior programs, housing, energy assistance, and weatherization. Our service area includes four large geographical counties, Huron, Tuscola, Sanilac, and Lapeer. None of the counties have a large metropolitan area. In fact, if you are familiar with the city of Lapeer, that is the largest city within the four-county area. Forty-five percent of that area has been identified as low income residents over 65 years of age. In addition the problem we are faced with is 67 percent of the homes in our area were built prior to 1929 with 45 percent of these homes utilizing fuel oil, followed by natural gas, propane, and wood.

As indicated, the low income population are living on fixed incomes and can least afford the escalated costs of fuel and utilities. One method of reducing the burden is to decrease usage, thereby reducing costs. Weatherization of homes is one method.

We began our weatherization program in 1976 with a small $35,000 grant from the Community Services Administration. Since that small beginning we have increased to over $300,000 in the area of weatherization alone. We have today weatherized 645 homes. However, we have over 207 identified eligible applicants on the waiting list. The problem is that the list keeps growing and we do not have the resources to meet the demand.

We began our operation within the framework of the Community Services Administration and have continued to be an operator for the Department of Energy through the State of Michigan Economic Opportunity Office. As a service provider I would like to share with you some of the problem areas that we now face. In serving the large geographical area we are faced with the high cost of gasoline, both with our work force and with the delivery of materials to work sites from centralized warehouses. It is nothing for our crews to travel 60 miles in one direction in order to get to the home that needs to be weatherized. In order to do this as cost efficiently as possible it was necessary for us to seek other sources than DOE to purchase van vehicles in order that we could have the crews and materials reach the worksites simultaneously.

Our other major problem which has been related to quite strongly today is that in many instances the use of CETA personnel as the primary source has not been successful. We are using unskilled laborers for skilled work. We are located in a CETA balance of State area, as I am sure many other community action agencies are. We are forced with a maximum allowable wage of $3.45 per hour. In addition with this main problem, CETA personnel do not have the resources to purchase, nor do they own, a dependable cost efficient vehicle. With gas at $1.25 per gallon the cost of gasoline to travel to work is expensive. Public transporation is not available anywhere in the thumb.

Again there has not been adequate resources available to hire the necessary supervisory personnel. We find that the lack of a local advisory group with the authority to make decisions regarding program operations at the local level is again a hindrance.

Mr. ANDREWS. Ms. Vandemark, excuse me if you will. The full Education and Labor Committee is meeting this morning, as it did yesterday. There is a considerable amount of pressure here, as you know, to go as far as we can toward balancing the budget. There is a good bit of pressure on the Education and Labor Committee during this week to reduce rather than increase appropriations for various programs and it happens that at this very minute the committee is debating whether to decrease the amount of money for energy assistance. Those of us who are on this subcommittee are in quite a dilemma, should we be here attending this most important hearing about problems in the program or should we be down there trying to defend the money part of it. So we are trying to do both.

The chairman has just sent to the subcommittee a note saying that the vote is imminent. The motion has been to reduce energy assistance funding considerably and the chairman feels that I should be down there trying to defend the program so I am going to run there. As soon as the vote has been completed I will return here. I hope that you will understand that I am trying to do my duty as best I can.

Mr. Williams, if you will chair the meeting at least until I can return I will appreciate it.

Mr. **Williams.** Please proceed, Ms. Vandemark.

Ms. **Vandemark.** Thank you. Again, I might mention at this time the multitude of paperwork and the form of reporting requirements that have been placed on us under the current program operations. There is also a lack of dollars to support the staff required to process the paperwork. The limitation of the amount of materials to be placed in homes also creates a substantial problem in the fact that major repairs may be made done up to a $100 limitation. As indicated earlier, this does little to solve a roofing problem or a furnace repair problem.

Again, as was mentioned previously, I would like to add my testimony to the fact of the slow process of receiving contracts creates, in some instances, overlaps in contracts and cash flow problems. This creates a short term, high level of activity in the weatherization program with impending layoff notifications around the corner. Through the efforts of the Community Services Administration we were able to purchase additional vehicles for our weatherization program. The State of Michigan made a 1-year appropriation only to allow us to subsidize the weatherization program and hire the necessary personnel. With the assistance of these 2 areas we have been able to weatherize over 150 homes over the past year with the largest percentage completed in the last 4 months.

This indicates as to the volume that can be produced with the necessary support dollars. Also the fact that the community action agencies already have the mechanisms for outreach and intake systems and direct access to the poor is another great supporting factor in enabling us to have a comprehensive coordination of energy resources.

I would hope that this committee would take into consideration the increase of the maximum cost per home including repairs, also making an allowance for the addition of storm doors in addition to storm windows that are now allowable costs to use in weatherizing a home. I would also recommend that program eligibility be consistent to include the low income and the near poor at 150 percent eligibility requirements with minimum designated homes to be done in priority groups, flexibility in the hiring of labor with the utilization of CETA eligible and older workers to the extent possible, support of the local advisory council concept, clarification as it deals with mobile home repair. I wholeheartedly support the transfer of the low income weatherization program to CSA with provision for adequate staff for a smooth transition.

I believe that it is very difficult to operate programs that do not contain provisions for local decisionmaking. Many local factors prohibit effective program delivery. We believe CSA has the flexability to enable us, as program service deliveries, to do other activities that relate to energy conversion. Again, thank you for allowing me to introduce my comments.

Mr. **Williams.** Thank you, Ms. Vandemark. I thank each of the members of the panel for their testimony.

Ms. Vandemark, Mr. Leuwer mentioned the difficulties that we experience with the distance. You referred to it also. I assume that you support, and I would like your comments as to whether or not that assumption is correct, the suggestion made that program support costs be increased, particularly for those operating in rural areas.

Ms. **Vandemark.** Yes.

Mr. **Williams.** Gene, you suggested what amounts to a 50- or 60-percent increase in the wages of CETA workers working on the weatherization of homes. Given the efforts by both the Congress and the administration to severely reduce the budget in an effort to fight inflation, it is highly unlikely that CETA workers will be paid any more. If they are not, would you prefer to use another tool rather than CETA in order to find those workers?

Mr. **Leuwer.** Yes, I would, Congressman. In my statement I mentioned the problems we had with CETA and the problems with trying to deal with volunteers and the problems with Greenthumb or with volunteer workers. I think all of those funding sources are good. The community action agencies have a responsibility to work with those who are unemployed, teaching them good employment skills. I think that to the degree that it is reasonable in each area and each State and in each part of the country we should do it. But when one of the biggest problems to the winterization program is unsupervised, unqualified staff doing the work you have to take a look where your priority is.

If you are running a Department of Labor training progam at $540 per month the CETA workers are fine. If you have a responsibility to weatherize low income and elderly people's homes and the money is available although it happens to be in a line or part of a budget that does not allow you hire labor, we have to shift that. We ought to be able to hire the labor. As I have said in the last couple of months, it is cheaper for us to go out and pay staff without the CETA restrictions, to pay 100 percent of their salary on a per unit cost basis of the home. It is cheaper for us to do it that way than to use CETA. We get it done, the work gets done 30 percent faster and at a higher quality.

Mr. **Williams.** I foresee the possibility that a broad expansion of the weatherization program may have the result of creating some difficulties. If that expansion, by the way, uses CETA workers we may find we have created some problems for ourselves with the other out of work force in this country because CETA does not represent only the out of work force in this country. There are many members of organized labor paying dues who are waiting to get a job.

Now, Gene, you come from an area in Montana that has many workers organized by the AFL-CIO and the Teamsters or other groups. Do you see the possibility out there in your part of the country for that type of backlash against the weatherization program from organized labor?

Mr. **Leuwer.** Definitely. We have in the past hired on a contract basis through training money, the limited training moneys available, card carrying union members to give our CETA crews assistance. So far they have been very good about it. I think when you start talking about this much money and in some areas those people being out of work, I really do see a backlash and I do think that would hurt the Community Services Administration and the poverty programs in general. Normally that group is very supportive of our programs.

The other item that I did not allude to in the oral testimony was concerning labor and CETA in some areas of the West. It is just the opposite there. We just have the opposite problem. In some parts of eastern Montana, Wyoming and Utah, in your high energy development impact areas, there are not unemployed people. So even within our own regions there are different problems but in some cases, like in western Montana where there is an abundance of union members that are out of work, it could cause a backlash. I think we should have the flexibility to hire some of those people.

Mr. **Williams**. Mrs. Hunter, your representation is somewhat different than some of the other witnesses. I wonder if you care to comment on either the high cost of space and the necessity for additional program support money or this charge that CETA may be an unreliable place from which to draw an appropriate work force for these weatherization programs.

Mrs. **Hunter**. San Bernardino County is the largest county in the continental United States. We have 22,000 square miles and we drive to a home we can go as far as 240 miles one way. We lose trucks as fast as we lose CETA people. The wear and tear is just tremendous because we have to go through hilly terrain sometimes. So I heartily support and do encourage that some consideration be given. In the current programs for support cost and transportation, all are in the same category. Therefore we kind of balance whether we are going to hire a person or whether we are going to pay for the transportation. It is sometimes one or the other because of the high cost of that.

Mr **Williams**. You will forgive us Montanans if we purposely forget that California is actually larger than Montana.

Mrs. **Hunter**. I think that San Bernardino is larger than most States. But yes, it is indeed a problem, in addition to the fact that the particular nature of weatherization has in itself some real wear and tear in a vehicle that goes just beyond simple transportation.

In terms of CETA employees, I do not think that there is a question that we are dealing with trainees in that we are dealing with responsibility problems. We are not training people how to weatherize, we are training them how to come to work, how not to tear up the equipment, how not to tear up each other, how not to tear us up. There are all kinds of things that we are dealing with, social problems that we are dealing with, that are beyond just teaching the simple technique of insulating an attic. Then once you have gotten to that extent you may not have the person any more because of the turnover and because of that same old job responsibility.

Would you mind if I mentioned some of the other things that occurred to me while you were talking. In terms of the level of eligibility, I believe that 150 percent is an appropriate level at this time.

Mr. **Williams**. Appropriate or inappropriate?

Mrs. **Hunter**. It is appropriate for all people and not just seniors. In fact, I think there ought to be an automatic inclusion of seniors, as opposed to anyone who is on social security, at 175 percent. A senior would probably qualify because most of their money is going on other things such as medication which we do not consider. We have a feeling that because we are not in some instances handling the load that we have on weatherization we should not add to that load. But really I think the question is, can those people at 150 percent of poverty level, afford energy? And you know the answer to that. They cannot. They need the services as well as the person at 125 percent. So I encourage including them and then work on trying to improve the weatherization programs so that they can absorb that extra workload.

In terms of renters and landlords, we have an agreement that we have to have the landlord sign and in that agreement they must promise not to raise the rent for a certain period of time. In our particular State it is 2 years. We are the Prop 13 State if you remember. I do not think anybody would forget that. Along with proposition 13 came rent control, and when a landlord sees an agreement that says that they will not raise the rent for 2 years because we are going to weatherize their home, and they see Government, and they see rent control they most assuredly step back and say: "We do not want it. Why do I care if the home is weatherized or not? I am not paying the bills anyway."

Your question is: "Why do people shy away from Government?" Because Government in many instances represent control and that is why they shy away from it. Not only that, these agreements that we have been signing for some 3 years, we have no right and no way and no process to enforce these agreements. I have had renters come and say to us: "They raised my rent. I signed this agreement. Do something." We cannot do anything. I do not know what we can do. We asked the State about it. For 2 years they have referred us to their legal department. They do not know what to do with it either. So in terms of rental agreement, and all the stigma attached to that, it might be a better idea not to have any kind of agreement as opposed to having something that you cannot enforce anyway, and that kind of discourages landlords from taking advantage of this.

Mr. WILLIAMS. Thank you. Mr. Chairman, I will return the chair to you.

Mr. ANDREWS. Go ahead if you have other questions.

Mr. WILLIAMS. I am finished with my questions, Mr. Chairman. I want to tell you that we all wait with bated breath to learn that your good work was accomplished downstairs, I personally hope that you

Ms. GRAVES. Say 3 to 1, 4 to 1. Is there something in there?

Mr. ANDREWS. We were successful. We are only asking for at this point at least $610 million in actual outlays, whereas the authorization is $750 million, which means that we might possibly come back for supplementals or increases later. But the Budget Committee is insisting that we and all other committees give them some figures to go into the budget resolution, so the committee did approve the $610 million we asked for. That does not mean that we will necessarily get it. I do believe we will be able to insert that into the budget resolution and hopefully get that money appropriated later.

Ms. Graves, why do you not pull your chair up to the end of the table. We did not mean to exclude you simply because you testified first.

Mr. Coleman, do you have questions?

Mr. COLEMAN. I just really have one question for Mrs. Hunter. You mentioned that you have a large turnover in CETA personnel. Where do these people go when they leave the program?

Mrs. **Hunter**. I want to say to jail. I know that is probably right. Probably most of them return back to the same condition where they came from. They do not necessarily go to another job. Most of them end up back in the same situation they were in prior to coming to us, which in many instances is unemployed.

Mr. **Coleman**. Which we have to consider a failure of the program to achieve the basic goals of CETA: To give program participants job skills which will help them in securing employment in the private sector.

Mrs. **Hunter**. One assumes that to give a job will solve their problems. That is not the case. We have had people come into the program that are institutionalized to the point that it takes us a great deal of effort to know that this is not a prison cell and we are not dealing with that kind of society. Sometimes we do not succeed. Most of the time I think we do not succeed to tell you quite frankly. You cannot assume that because you give a person a $3.10 an hour job that you have solved their poverty problems, that you have solved their social problems, that you have solved every other reason for them being unemployed for the time that they have been unemployed.

I would suggest that perhaps there needs to be some development of that employee prior to coming into the program that might in some way help. I do not know what you would call it, but something that would in fact sensitize them to the responsibilities to the work ethic and handle some of the problems that they have in their homes that they come to work with. For instance, some people come without transportation. In terms of San Bernardino County, as I mentioned before, being as large as it is, it can be rather difficult for them to come to work walking if they have to walk 60, 70, 80 miles.

Mr. **Coleman**. Could I assume then that your ratio of supervisory personnel would be smaller because of your high turnover and some obvious problems in this area?

Ms. **Graves**. Say 3 to 1, 4 to 1. Is there something in there?

Mrs. **Hunter**. When you are talking about supervising CETA, I would suggest a 1 to 1.

Mr. **Coleman**. A 1 to 1 ratio?

Mrs. **Hunter**. Right. When you are talking about skilled labor, a carpenter perhaps supervising CETA, than I would suggest a 1 to 2. In other words, two CETA to one skilled person because of the fact that you do not want that many people in a home, to be quite frank. Three people in a home is sufficient. When you get into four or five then you get into other problems that are not desirable for the homeowner.

Mr. **Coleman**. Especially in this program.

Mrs. **Hunter**. Right.

Mr. **Coleman**. Thank you.

Mr. **Andrews**. Mr. Leuwer, I believe that if I understood you correctly you said, in effect, that you cannot have both an alternate CETA program and also a weatherization program—it either has to be one or the other. Did you say essentially that?

Mr. **Leuwer**. Essentially, sir. While you were out of the room I made some additional comments on it. I am in favor of using CETA labor, labor provided under the Older Americans Act, through Greenthumb or volunteer labor where it is appropriate and in some cases where it can provide a significant compliment or supplement to the program. The problem I have is being totally dependent on it, or for 90 percent of our labor needs, and that is not realistic. People at the local level should have the alternative to use money appropriated to higher labor, skilled labor, if that is what it takes to get the weatherization job done.

The way it was run in the past, we had in essence been mandated to run a training component of the CETA program and I do not think that is the primary intent of the legislation.

Mr. **Andrews.** Nor do I. Do all of you agree in essence with the statement that he is making? Do you believe that to be true in your areas as well?

Mrs. **Hunter.** CETA should be a supplement as opposed to the primary source. Is that the idea?

Mr. **Andrews.** Yes.

Mrs. **Hunter.** I would wholeheartedly agree and support that, yes.

Ms. **Vandemark.** I would also.

Mr. **Andrews.** I presume that you, by one means or another, have access to the opinion of other Community Action Agency directors throughout the country. Is it your impression that the opinion that you just shared with the committee is generally agreed to by the directors throughout the country as far as you know at least?

Mr. **Leuwer.** Yes, sir, Mr. Andrews. I think it is generally true. As Congressman Williams mentioned, for the last couple of years I have been chairman of the Region Eight Community Action Director's Association, which is an organization formed by all the agencies in Colorado, Utah, the Dakotas, Wyoming, and Montana. The problems are similar throughout the area. I think we all agree, or more or less all, that we do have a responsibility to the unemployed to work with CETA, teach them job skills, help them solve some of their problems, but in this case our primary responsibility should be the weatherization problems and lowering peoples heating bills, getting work done.

We have had a case where we had a 4 or 5 month backlog at homes and could just not get to it. We have the money, we have the materials, but we did not have the labor.

Mrs. **Hunter.** I might add to that too that we are conducting a survey of other weatherization programs and one of the questions on that survey is putting down your particular problems. And evidently we have gotten back 10 percent of the surveys, everyone had mentioned CETA as a primary problem. So I can attest to that I am sure that that is a nationwide feeling.

Ms. **Graves.** I would add that in Missouri we, in the fall last year, met with all our State operators and with all of our funding sources at the State level to try to more clearly identify our problems and get our State agencies to make the action that they could to solve some of these. Labor was again the major thing that came out of that meeting that was problematic in the program.

Mr. **Andrews.** I am not asking for any official figure. Can you give me just an estimate of what you actually spend per unit per house that is weatherized. What is the average total cost?

Mrs. Hunter. For materials?

Mr. Andrews. No; total, labor, materials, everything.

Mrs. Hunter. For us it is about $150 per home.

Mr. Andrews. That seems awfully low to me.

Mrs. Hunter. We are very efficient.

Mr. Andrews. What would the others of you say? Is it more or less than that?

Ms. Graves. More. I would say about $800.

Mr. Andrews. That is a tremendous disparity.

Ms. Graves. Our average material cost is like $540 or so for the average materials that go into a home.

Mr. Andrews. Where do you obtain the materials?

Ms. Graves. Funding wise?

Mr. Andrews. No. Where do you actually get the materials?

Ms. Graves. Where do we buy them?

Mr. Andrews. Do you buy them locally?

Ms. Graves. We buy some things locally. Insulation we purchase from a variety of companies in bulk locally. We, with local small family type business operations, purchase stuff like glass and some caulking and putty and that sort of thing. Most of our materials we buy in bulk from not necessarily local suppliers.

Mr. Andrews. Are there any restrictions on where you buy material or what price you pay? There are no guidelines or minimum or maximums? Is it just up to the discretion of the program director?

Mrs. Hunter. With the exception of following government specifications, that is pretty explicit.

Mr. Andrews. Are they unreasonably restrictive in your opinion?

Mrs. Hunter. No.

Mr. Leuwer. No.

Ms. Graves. No.

Ms. Vandemark. No.

Mr. Andrews. The problem then is the restriction placed on you with respect to labor, that is the main problem?

Mr. Leuwer. In answering your earlier question, I would agree we probably spend $800 per house, $800 to $900 a house, to weatherize, not counting the CETA labor that is out of the Department of Energy or CSA funds.

Mr. Andrews. What would your average be approximately?

Ms. Vandemark. Our average would be that, but it would be without the figures on the CETA laborers.

Mr. Andrews. It seems that your figure is awfully low.

Mrs. Hunter. Yes; low on the totem pole. Let me say that we use a lot of salvage material. When we go out and take a glass out, we cut it down and use it again. So that might be the answer to why ours is a little bit lower. We do not throw away anything, so to speak.

Mr. Andrews. If that is the case, you are going into the house and spending $150 and taking out $650.

Mrs. Hunter. Taking it from one and giving it to somebody else.

Mr. Andrews. No wonder they do not sign the contracts. You are actually making money.

Mr. Leuwer. Congressman, if I might make one more comment. I think additional money is needed for people who should be hired, people to do the job, such as engineer auditors, people who have a pretty high degree of technical skill who can go in and tell you what storm windows will do or insulation will do, but people who will have some ability in judging the efficiency or adjusting the efficiency of furnacing, heating plants, familiar with flue dampers, if what we really want to do is save energy in addition and through that reduce people's dollar expenditures. I think the insulation, the caulking, and the storm windows are a good first step and the first one that needs to be taken.

I think that the next thing that we have to do is get some of the hardware things and some of the technical things. I think our energy savings can be an energy savings as great as yours. Insulation and caulking can be achieved at less of a cost through the practical application of available technology. In the past we have been too busy just trying to get the insulation done. I think now in some areas it is time to do the other things. It makes sense to do those things. Really the emphasis has not been placed through the regulatory agencies. I think the authorization is there to do it. The executive branch needs to be encouraged to aggressively pursue those courses.

Mr. **Andrews.** Are the regulations, in your opinion, unreasonably restrictive, insofar as permitting you to make these decisions and execute them as you think would be wise.

Mr. **Leuwer.** Yes, sir. At the present time they limit it to $100 for things such as furnace repairs, roof repairs. Instead of putting a $100 limit on it they should, with the available bit of technological staff that they have, tell us what we can save on a house or what can be saved in a house by making those energy adjustments rather than a dollar figure. I think there should be some reasonable figure rather than there being just a limited dollar figure. It would seem reasonable that the guiding principle would be the amount of energy saved at what cost.

Ms. **Vandemark.** Mr. Chairman, may I make a comment.

Mr. **Andrews.** Sure.

Ms. **Vandemark.** Previously someone mentioned that the available work force that was unemployed is not only CETA at the presnt time. Most of you are probably aware of what is happening within the auto industry within the State of Michigan. We have at this time a very high percentage of unemployed people, people who would not be at this time eligible but who are looking for work and we are unable to hire them.

Mr. **Leuwer.** Another specific recommendation, when we do get into hire the CETA people some States impose a 12-month limitation on an individual's eligibility for CETA. The Federal regulations impose an 18-month limit. If we are able to secure good CETA help, and in some cases we have people who want to learn the skills that have worked and gained good work habits, about the time we get them trained to a level where they are good, their 12-month eligibility in Montana is up or their 18-month Federal eligibility is up. Even another 6 months or a mandated 24-month eligibility for the CETA technicians would help us and it would improve the weatherization program and allow a greater use of CETA funds.

Currently the Federal regulations limit it to 18 months. I think for weatherization a minimum of 24 months is reasonable because, as Congressman Coleman mentioned, when their eligibility is over they are back to being unemployed. We do not have the flexibility to hire them or the money or we already have the few staff positions we have with DOE money filled and there are not enough jobs for all the people.

Mr. **Andrews.** That is a very good point. Actually there is nothing we can do about that in this committee, but we can pass it along. The CETA program is in the subcommittee that is chaired by Congressman Hawkins of California.

We thank you very kindly. We will excuse you at this time. If you can and care to stay, it could be that after we hear from other witnesses we might find some of the State people and people at other levels of the program have different opinions of views, and maybe if you can stay we can enter into a debate period.

Mrs. **Hunter.** Can I say one more thing in respect to the dollar spread here. There is something else that may have to be considered here. When we talk about a higher volume, and we prorate that out per home, the prorate per home dollar amount of administration goes way down and that may be the cause for the disparity here.

Mr. **Andrews.** I would not think it would be that much, but I see your point.

Mrs. **Hunter.** I would imagine probably that their figure with $200 variance one way or the other, is probably where the majority of the programs average out. Our figure, because of the volume that we do, goes down.

Mr. **Andrews.** You gave us the figure, but I do not remember it. How many homes have you weatherized?

Mrs. **Hunter.** Actually, with the full compliment of staff we can average about 120 homes per month. We have had months that we have not had any CETA people so within the 3 years, in fact we have had three quarters that we have not had any CETA people, we did not have any productivity. But in the 3 years we have done over 2,000 homes so about 700 homes per year if you want to look at it that way. But it really is about 120 per month when we have the three to four crews working all at once. So that really reduce the cost per home when you have 120 homes per month.

Mr. **Andrews.** I suppose you do not have anywhere near the travel cost of transportation, relative to those others.

Mrs. **Hunter.** You missed that part. We are from San Bernardino County. It is 22,000 square miles so we have a considerable amount. Maybe that is why we have the higher turnover with the production the way we have it and the travel. It is a very large county. It is about 240 miles one way from San Bernardino to Needles, about another 30 miles one way to the end of the county, so it is about 270 miles across the county.

Mr. **Andrews.** Is that county a congressional district?

Mrs. **Hunter.** Three.

Mr. **Andrews.** Three congressional districts within one county?

Mrs. **Hunter.** Right. We are unique.

Mr. Andrews. Yes; I suppose so. In North Carolina I have four counties. One of my colleagues has 22 in eastern North Carolina. There is quite a difference.

We thank you. Again, it could be that some other opinions might arise and you may later want to address yourself to them, so if you care to stay with us please do. Thank you very kindly. You have been very helpful. I think we will come up with a little better bill because of your having been here.

Our next witness will be Cushing Dolbeare, president of the National Low Income Housing Coalition. You can read your statement or summarize. It is your decision. Some prefer not to read their statements, some prefer to.

Ms. Dolbeare. I will use my statement as more or less a guideline so I will keep on the subject.

Mr. Andrews. All right. Your statement will be entered in the record.

[Prepared testimony of Cushing Dolbeare follows:]

PREPARED TESTIMONY OF CUSHING DOLBEARE, PRESIDENT, NATIONAL LOW INCOME HOUSING COALITION, WASHINGTON, D.C.

WEATHERIZATION PROGRAMS FOR LOW INCOME PEOPLE

Statement of Cushing N. Dolbeare, President, National Low Income Housing Coalition before House Subcommittee on Human Resources, Committee on Education and Labor, March 6, 1980.

The National Low Income Housing Coalition appreciates this opportunity to testify on H.R. 6136, the Comprehensive Energy Services Act. We urge prompt action on this legislation. My testimony reflects both the basic concern of the Coalition that an adequate program be mounted and my own experience as a consultant on housing policy and programs, in which I have had occasion both to review some present efforts and to develop recommendations on improved approaches.

The most important issues to be addressed is the scale of effort that will be needed. There are some 6 million households with incomes below $3,000. Sixty percent of them live in single family structures; 30 percent of these households are renters, whose needs are frequently ignored by weatherization programs—though their housing is frequently far less weatherproof than that of owner-occupants. At $2,000 per unit, including labor, $12 billion will be required to meet the needs of these very poorest households. Serving all poor and near-poor households would clearly require far more.

A program at this scale is beyond the scope of H.R. 6136 as presently conceived. The bill would authorize $750 million for 1981, $1 billion for 1982, and $1.2 billion for 1983. We urge that these limits be raised, and that a five-year goal be set of weatherizing all housing units occupied by people with incomes below 125 percent of the poverty level.

A program at this scale would also require a multi-facted approach, involving, in addition to the Community Services Administration, other federal agencies with housing responsibilities for the poor, such as the Department of Housing and Urban Development (HUD) and the Farmers Home Administration (FmHA). We urge, therefore, that this subcommittee consider H.R. 6136 as one important step in developing a comprehensive approach which may well involve other agencies in addition to CSA. This in no way diminishes the urgency of restoring weatherization funding and responsibilities to CSA, as proposed in H.R. 6136. It simply notes that other approaches, involving committees with housing jurisdictions, will probably be desirable to supplement the CHA program.

We urge that the legislation reported out by this committee be based on several major principles:

All housing occupied by low income people should be weatherized in as short a time as possible: certainly no longer than five years.

The program should serve renters as well as owners. Most renters pay their own utilities, especially in single family units, which constitute a substantial proportion of the rental stock occupied by low income families. These families will benefit as directly as any homeowner from weatherization. Generally speaking, their housing is of poorer quality, so their weatherization needs are greater. S. 1725 should specifically require that weatherization plans and programs not discriminate against renters.

There is at present no single delivery system which is demonstrably capable of rising to the challenge of meeting weatherization needs. Programs have been spotty. There are areas, for example, where community action agencies have weatherized almost every house occupied by a low income owner. There are states which have launched effective programs. There are nonprofit groups which have been involved. Communities receiving community development block grant entitlements are spending a rising proportion for rehabilitation, and may well have generated the capacity to launch major weatherization efforts. Separate delivery systems may be desirable for rural and for urban areas. The most successful CSA programs appear to be in rural areas.

Weatherization efforts should be coupled with other home repairs. It does little good to provide storm windows when there are holes in the siding, or insulate an attic under a leaky roof. Some rural CAP's have successfully linked weatherization with home repairs funded through Farmer's Home Administration or other sources; in urban areas, weatherization might well be linked to community development rehabilitation programs.

The requirement that weatherization programs use CETA labor has proved cumbersome. Funds for labor should be included in the basic weatherization program, with use of CETA permissible where this can be worked out. Whether or not CETA funds are used, priority should be given to hiring people who will benefit from the skills they learn on the job. At the same time, adequate supervision must be provided. Recent changes in the CETA program have made this difficult to achieve, by limiting salaries which can be paid to supervisory personnel.

Adequate staff must be provided at the national and regional level to provide technical assistance, supervision, and monitoring of state programs.

Any local public or nonprofit agency with demonstrated capacity or interest in undertaking weatherization should be eligible to receive funds for local weatherization programs. Section 1112 of S. 1725 appears to be limited to community action agencies or political subdivisions or combinations of political subdivisions.

Outreach should be an integral part of any weatherization and energy conservation program.

We believe that these principles can be incorporated in the legislation before this committee so that a start can be made this year on a greatly expanded weatherization program. This should be done as soon as possible. It may not yet be too late to help some people this winter. It is certainly not too soon to mount a major effort to see that those in greatest need of weatherization—whether owners or renters; whether elderly people or families—receive the help they need before next winter.

National Low Income Housing Coalition
215 Eighth Street, Northeast

Washington, D.C., December 1979.

OFFICERS AND BOARD OF DIRECTORS

Chairperson: Hon. Edward W. Brooke.

Vice Chairpersons: Ronald T. Krietemeyer, Sally Laird, Andrew H. Mott, Hon. Robert C. Weaver.

President: Cushing N. Dolbeare.

Treasurer: Floyd Hyde.

Secretary: Jose S. Garza.

Mathew H. Ahmann, Associate Director, National Conference of Catholic Charities.

Rev. Douglas Brian, The Program Agency, United Presbyterian Church.

Edward W. Brooke,* former United States Senator.

Mary Brooks, Working Group for Community Development Reform; Suburban Action Institute.

Jeremiah S. Buckley,* attorney; former minority counsel, Senate Banking Committee.

Marvin Caplan,* Industrial Union Department, AFL–CIO; Executive Director, Leadership Conference on Civil Rights.

Bernard J. Carl, attorney; former HUD deputy assistant secretary for policy.

Gale Cincotta, Chairperson, National People's Action.

John Corcoran, John M. Corcoran & Company.

Michael Cortes, Vice President for Research, Advocacy and Legislation, National Council of La Raza.

Paul Davidoff, Executive Director, Suburban Action Institute.

Cushing N. Dolbeare,* Consultant on Housing Policies and Programs.

Ernest Eden, Executive Director, National Association of Housing Cooperatives.

Rev. Albert E. Erickson, Director, Lutheran Housing Coalition.

Jose S. Garza,* President, National Hispanic Housing Coalition.

Robert Georgine, President, Building and Construction Trades Department, AFL–CIO.

Al Gonzales, National Association of Social Workers.

James H. Harvey, Executive Director, Metropolitan Washington Planning and Housing Association; Chairperson, National Community Relations Committee, American Friends Service Committee.

M. Carl Holman, President, National Urban Coalition.

Edward Holmgren, Executive Director, National Committee Against Discrimination in Housing.

William Hughes, American Association of Homes for the Aging; Chairperson, Ad Hoc Coalition on Housing for the Elderly.

Floyd Hyde,* consultant; former HUD Under Secretary.

Stanley F. Knock, Jr.,* Interreligious Coalition for Housing.

Ronald T. Krietemeyer,* Coordinator for Urban Issues, U.S. Catholic Conference.

Sally Laird,* Director, Legislative Action, League of Women Voters of the U.S.

Robert McAlpine,* National Urban League.

Kate McDonnell, National Association of Housing Counselors.

David Madway, National Housing Law Project.

David O. Meeker, Jr.,* Executive Director, American Institute of Architects.

William R. Morris, Executive Director, National Association of Real Estate Brokers.

Andrew H. Mott,* Vice President Center for Community Change.

Richard Nelson, Deputy Executive Director, NAHRO.

Nancy Neuman, Chairperson, Housing Assistance Council; Vice President, League of Women Voters of the U.S.

Kathleen F. O'Reilly, Executive Director, Consumer Federation of America.

William Powers,* Vice Chairperson, National Rural Housing Coalition.

David Raphael, Executive Director, Rural America.

Florence Roisman, National Housing Law Project.

Henry B. Schechter, Director of Urban Affairs, AFL–CIO.

Ron Schiffman, Pratt Center.

James H. Schuyler,* Legislative Counsel, National Association of Home Builders.

Leon Shull, National Director, Americans for Democratic Action.

Nicholas G. Sileo, Executive Director, National Neighbors.

Althea Simmons, Director, NAACP Washington Office.

Glenda Sloane,* Chairperson, Housing Task Force, Leadership Conference on Civil Rights; Supervising Attorney, Center for National Policy Review.

Walter L. Smart, Executive Director, United Neighborhood Centers.

Mark Tajima, Director, Pacific-Asian Coalition.

Virginia Thornthwaite, Cooperative Services, Inc.

Jerry Tucker,* Legislative Representative, UAW.

Theresa Watson, attorney; former minority staff, Senate Housing Subcommittee.

Hon. Robert C. Weaver* former Secretary of HUD.

---

* Member of Executive Committee.
[Affiliations for identification only].

Harold O. Wilson,* Executive Director, Housing Assistance Council.
Shirley Wise, Chairperson, Eastern Region, National Tenants Organization.
Rose Wylie, National Tenants Organization.
Barry Zigas, U.S. Conference of Mayors.

STATEMENT OF CUSHING DOLBEARE, PRESIDENT, NATIONAL LOW INCOME HOUSING COALITION, WASHINGTON, D.C.

Ms. DOLBEARE. We very much appreciate the opportunity to testify today. The National Low Income Housing Coalition is a coalition of public interest organizations at the national, State and local level and also individuals whose basic concern is to see that low-income people have adequate housing at costs that they can afford.

Now, a great deal of our attention naturally, therefore, is focused on the assistance housing programs of HUD and the Farmers Home Administration. However, it is very clear to us that if we are looking at the housing problems of low-income people, there is absolutely no program right now that is as important as an adequate weatherization program because only a very small proportion of low-income people in any given year are going to be able to move into the housing that is assisted by HUD and the Farmers Home Administration.

For example, the administration's budget request for next year totaling their official estimates, which we think are a little high for HUD and the Farmers Home Administration, together total 440,000 additional units. Well, that does not even keep pace with the increasing housing problems of low-income people because we estimate that the supply of low-income housing that poor families can afford is contracting at a rate of more than 500,000 units a year. So that obviously if we are going to be dealing with the housing problems of low-income people we need to think not just in terms of expanding the supply of assisted housing, which we fully support, but also in terms of what kinds of programs can be mounted to make the housing of low-income people less inadequate.

The most important point to us here is the scale of effort that is really going to be needed. We would urge that you put front and central in the bill as part of the findings and policy statement, a policy that this country would be committed to weatherizing the homes of all low-income people within a 5-year period.

We think we need to set that kind of goal. In fact, I am not sure how the folks in years 4 and 5 are going to survive if we have cold winters in the next 2 and 3 years. Some of them may not.

But certainly it seems to me that we ought to be approaching this in terms of looking at the scale of effort that is needed and then devising approaches to deal with that scale or effort. The major criticism that we have with H.R. 6619, which we do support, is that it is clearly inadequate to support the scale of effort which we think is necessary.

There are now 6 million households in this country with incomes below $3,000. Sixty percent of them live in single family structures. Of those, 30 percent are renters. The needs of those renter households have consistently been ignored by weatherization programs for a variety of reasons, mostly that the program limitations make it impossible for them adequately to deal with weatherization of rental housing.

---

* See footnote on p. 82.

I am delighted, therefore, that there is a provision in H.R. 6619 that mandates the States, in developing their plans, to make sure that renters are not discriminated against. But I think we are going to need to go beyond that. I think we are going to need to set aside the concern which I think is an unwarranted concern, that somehow landlords are going to benefit from the weatherization or rental housing.

They might or they might not. But when we are talking about expenditures, as was just cited, of $200 a unit, $500 a unit, $800 a unit, that is not going to make much difference to the landlord. That is not going to be a reason why a landlord would raise the rent that would override other reasons. The reason landlords raise rents is essentially because their costs are going up and in a shrinking market the housing shortage tightens, and they can get more for their property.

Whether or not it is adequately weatherized is not going to make a difference. Even if it did make a difference, I would argue that that should not be of concern, that the primary concern of weatherization programs ought to be to see that low-income people are living in weather tight houses to the extent that is possible, or housing units. They may be apartments.

We have in the tax code, and I would like if I may to enter this table in the record, a whole series of investor tax deductions for owners of rental houses. The cost to the Federal Government of those tax deductions in 1981 is estimated by the Treasury at $3 billion.

Well, if we can put in the tax code deductions for investment in rental houses which costs the Federal Treasury $3 billion in 1 year, it seems to me that it would be pennywise and pound foolish to tie on to a weatherization program, which might be spending $800 a unit or even might be spending $1,500 a unit, restrictions which say that you cannot raise the rent as a result of it, because they are very hard to administer.

The important thing ought to be to weatherize those units. By and large, the quality of rental housing is, particularly single family rental housing, particularly in rural areas, not as good as the quality of owner-occupied housing. They need the program more.

So one of the critical things that we think needs to be looked at is the necessity of dealing adequately with the housing situation of renters. I cannot emphasize that point too much.

The Department of Energy recently proposed some comprehensive revisions of regulations for the weatherization program. Now they propose to deal with rental housing by saying: "We will let you weatherize housing that is already federally subsidized or is going to be federally subsidized." Well, again, that misses the whole problem. Housing that is federally subsidized or is going to be federally subsidized is already reasonably well weatherized. The thing that we need to do is get to the rental housing that is occupied now by low-income people that is not federally assisted under other programs.

I have some notes here on the scale of program that would be necessary. I mentioned that there are 6 million households with incomes below $3,000. If we go to the level of eligibility of 150 percent of poverty level, or as the Senate bill that was recently passed by a 75 to 5 margin does, which is 85 percent of the lower living standard of BLS, we are including maybe 20 million households as eligible households.

It seems to me that in the light of that, the authorization levels that are proposed in H.R. 6619 are unrealistically low. Now, I recognize, because I spent most of the last couple of weeks talking to Members of Congress and Members of the Senate about the housing budget, that it is difficult to talk about major new programs this year and high levels of authorization.

But I would point out, and I would be glad to supply some additional material for the record if it would be helpful, that we have now again in the Internal Revenue Code deductions from tax, primarily mortgage interest and property tax deductions, which are going to cost the Federal Government—and again these are official Treasury estimates, and those estimates, by the way, are always too low—the estimate for 1981 is $24 billion in homeowner deductions alone.

Now last year when they estimated 1980 they estimated the deductions at $15 billion. This year when they reestimated them they estimated them at $20 billion. So if you want to look at a runaway program, here is a runaway program.

The Congressional Budget Office has recommended, as part of its options for cutting the Federal budget, that those interest deductions, at least the mortgage interest deductions, be either capped or converted into a 25-percent tax credit. That would save $5 billion over the next 5 years.

We at the coalition would support that move very strongly. We do recognize the necessity for curbing Federal expenditures, but we believe that that ought to be done equitably and our notion of equity is that the people who can afford to make the sacrifices be asked to make the sacrifices.

In any event, the people who we are talking about, the homeowners, low-income homeowners who need weatherization, are not getting any Federal assistance through the mortgage interest and property tax deductions because they simply take the standard deduction or they do not pay any taxes at all.

So it seems to me that in terms of need and in terms of equity, it is not unreasonable to say if we are going to be permitting the Federal Treasury to lose $24 billion for tax deductions for owner occupants, if we are going to permit the Federal Treasury to spend $460 million for home insulation tax deductions, then we can afford to appropriate the money which is going to be needed for an adequate weatherization program for low-income households.

I had some notes in my prepared statement on the need to recognize that no single delivery system in our view is going to adequately be able to gear up to handle somewhere between 6 million and 20 million housing units over the next 5 years, and I think the bill does this adequately, we urge that there be a recognition for flexibility and perhaps some consultation between this committee on the relationship of this program and the committees that handle housing legislation because they are also, or should be, interested in the same kind of thing. It may be that a multifaceted approach would be more effective than any single approach.

Finally, on use of CETA labor, we certainly concur that the link between the weatherization programs and CETA really should be broken and that funds for labor should be included in a basic weatherization program with the use of CETA permissible if local people want to work it out. But whether or not CETA funds are used, we think priority should be given to hiring people who will benefit from the skills they learn on the job provided they are also given adequate supervision.

We again concur with the provisions in the bill which would provide adequate staff for technical assistance, supervision and monitoring. The program has expanded. That set-aside may need to be larger. We concur with the provision in the bill which would permit funds to be provided to any local, public or nonprofit agency which has demonstrated capacity or interest in developing the capacity, if there is no agency with capacity there, to carry out a program. And we concur with the recommendations on outreach.

We strongly support the bill. We are delighted you are holding these hearings. We hope that the entire House can act promptly on it with as pleasant a majority on final adoption as happened in the Senate last week. I would be happy to try and answer any questions.

Mr. ANDREWS. Thank you for a good and reasonably concise statement.

Mr. Williams, do you have any questions?

Mr. WILLIAMS. No questions.

Mr. ANDREWS. I do not believe I do at this time. If you can stay with us, as with the others, there may be questions that will arise.

Ms. DOLBEARE. May I ask permission to insert for the record, a breakdown of the income groups that benefit from the various housing-related tax expenditures, which I think would provide additional substance.

[The document referred to follows:]

TABLE 4.—HOUSING-RELATED TAX EXPENDITURES, FISCAL YEARS 1979, 1980, AND 1981

[Dollars in millions]

	1979	1980	1981	Change 1980–81	Percent change
Homeowner deductions:					
Mortgage interest on owner-occupied homes	$10,745	$12,505	$14,760	+$2,255	+18.0
Property tax on owner-occupied homes	6,760	7,740	8,975	+1,235	+16.0
Subtotal	17,505	20,245	23,735	+3,490	+17.2
Residential energy credits	645	460	460	0	0.0
Deferral of capital gains on home sales	1,125	1,010	1,111	+101	+10.0
Exclusion of capital gains on home sales	300	535	590	+55	+10.3
Total	19,575	22,250	25,896	+3,646	+16.4
Investor deductions:					
Expensing of construction period interest and taxes	615	695	745	+50	+7.2
Excess 1st-year depreciation	185	185	195	+10	+5.4
Depreciation on rental housing in excess of straight line	360	350	355	+5	+1.4
5-year amortization for rental housing rehabilitation	15	15	25	+10	+66.7
Preservation of historic structures	15	35	65	+30	+85.7
Exclusion of interest on state and local housing bonds	490	810	1,635	+825	+101.8
Total	1,680	2,090	3,020	+930	+44.5
Grand total	21,255	24,340	28,916	+4,576	+18.8
All Federal tax expenditures	158,042	176,865	203,431	+26,566	+15.0
Housing as percent of total	13.4	13.8	14.2	+4.0	+29.0

Note.—Tax expenditures are defined in the budget as "losses of tax revenue attributable to provisions of the Federal income tax laws that allow a special exclusion, exemption, or deduction from gross income or provide a special credit, preferential rate of tax, or a deferral of tax liability affecting individual or corporate income tax liabilities."

Source: Compiled by Low Income Housing Information Service from "Special Analyses, Budget of the U.S. Government 1981."

Mr. **ANDREWS.** We would be glad to accept that. That is one of the frustrations of being in Congress. There is nothing that this committee can do about that matter. That is basically a ways and means matter. I encourage you and your organization to bring that to the attention of those committees, but we are glad to receive the information.

Ms. **DOLBEARE.** Yes, indeed, I have done that and will continue to do that. I am also trying to make reasonably sure that they may get a sympathetic ear when they act on it when they get to the House. Thank you very much.

Mr. **ANDREWS.** Thank you.

Mr. James McCoy representing Rural America.

[Prepared testimony of James McCoy follows:]

PREPARED TESTIMONY OF JAMES MCCOY, MEMBER OF RURAL AMERICA, WASHINGTON, D.C.

Mr. Chairman and members of the Committee, my name is James McCoy, and I am here to testify on behalf of Rural America. I currently hold the position of Director of the Appalachian Program, Kentucky Housing Corporation in Frankfurt, Kentucky.

I wish to thank you for inviting Rural America to present testimony on the proposed new authority for an energy conservation and weatherization program. These new authorizations, along with some new initiatives will, we trust, enable us to continue to work toward the elimination of inadequate housing among rural and small town citizens. I bring to the attention of the Committee our concerns about a realistic weatherization policy in Rural America.

The most essential element to a national energy policy is conservation, of which weatherization is a critical means to that end. According to the National Bureau of Labor Standards, fuel consumption can be reduced by 20 percent to 60 percent. According to the Senate Committee on Labor and Human Resources a national weatherization program of $10 billion allocated to 10 million homes can reduce the nation's oil consumption by 30 million barrels annually—a savings of $960 million annually. The pay back period is approximately 10 years and would trigger about 500,000 jobs to low-income workers. I would say the sensibility of a well run weatherization program is very clear.

The savings to consumers is also obvious, since they are the ones who must pay in the end. In the case of low-income people, for whom part of the burden must be met by the Government, weatherization means a more comfortable life and less subsidy requirements. Rural areas have a special concern because rural areas contain a disproportionate share of our bad housing. This means that the need for adequate weatherization efforts in rural areas is magnified.

Forty percent of the nation's poor live in nonmetro areas, a share far greater than the nonmetro share of total population (27 percent). Fifty percent of the nation's substandard housing can be found in rural America. Of all substandard housing units inhabited by elderly people, over half are in rural areas. For minorities, the chance of being counted among these groups is significantly increased.

H.R. 6619 provides a real opportunity for low-income rural people to benefit from federal energy conservation and weatherization programs. The state allocation and eligibility percentage requirements you have stipulated in sections 1114 and 1122, respectively, are particularly helpful in this regard. We also are very pleased with H.R. 6619 on the expanded view of the types of organizations eligible for state weatherization assistance, as it indicates that Congress recognizes the unique problems of rural America. Restricting eligibility for weatherization assistance to CAP agencies, as is currently done, leaves many rural areas out of the program.

In general, we are pleased with H.R. 6619 and believe it will help solve many of the problems with the current DOE program. The weatherization program, as currently operated by DOE, hurts more than helps rural citizens.

PROBLEMS WITH CURRENT DOE PROGRAM

Dispite some recognition on DOE's part that changes are needed in their weatherization program to make it more flexible, the Perkins bill recognizes that CSA as the anti-poverty agency of the Federal Government is more appropriate to use in running a low-income conservation program. The weatherization program has been lost and will be lost, in a massive agency like DOE and therefore, we strongly support return to CSA.

The current DOE weatherization program is inefficient in serving the needs of low-income people. According to DOE's own inspector general in a report issued last June, DOE has not met its own goal. As of December 31, 1978, only 24 percent of the intended goal of 395,000 homes were weatherized. During the same period, only $25 million of a $91 million authorization had been spent. It has been estimated that there were $200 million in unspent funds from fiscal year 1977 through 1979.

Between October 1, 1976 and June 30, 1979, DOE weatherized only 184,255 dwellings. In contrast, CSA weatherized 372,911 homes over a comparable three-year period, spending a total of $191.2 million from fiscal year 1975 through 1978. The average cost per dwelling was about the same in both programs, so costs per home do not account for the DOE weatherization rate being half that of CSA.

DOE's problems in the past stemmed from its lack of flexibility in delivering a service program. Although the agency is currently attempting to make changes in some of those restrictions, DOE still does not have the outreach program nor the mechanism to reach those most in need of weatherization assistance. As a result, hundreds of thousands of dollars worth of weatherization materials have gone unused, stockpiled in warehouses around the country, while over 10 million homes are in need of weatherization services.

There is another reason for our strong support of national weatherization efforts, along the lines of H.R. 6619. It grows out of Rural America's experience in connection with another program for which Chairman Perkins can properly take credit. A number of years ago, the Chairman prepared and pushed through to enactment language establishing a regular rural housing research and development program in the Community Services Administration. The principle CSA initiative under this 'Perkins Amendment' in recent years has been a major rural home repair demonstration. This demonstration, operating through twenty-one local agencies in twenty States, was aimed at testing the possibility of providing housing assistance in the form of home repairs to very low-income households, ones usually passed over by other housing programs.

Rural America, working with Urban Systems Research and Engineering, of Cambridge, Massachusetts, which carried out the data collection and analysis, has been doing the evaluation of this rural home repair demonstration for CSA. The final report to CSA is in preparation right now. Some of the highlights of that report have special relevance to this latest initiative of Chairman Perkins.

First, the rural home repair demonstration has been successful in reaching very low-income households. The median income of the clientele served by the demonstration in its first two years is lower than that currently characteristic of any other federal housing assistance program for which we have been able to find client income data. One-fifth of the Rural Home Repair Program households had incomes of less than 60 percent of the poverty threshold, and half of them had incomes not exceeding 75 percent of the poverty definition. We would estimate that the RHRP demonstration was almost as successful in reaching poverty-level owner-occupant households in the bottom half of that constituency as they were in reaching those in the upper half. To be sure, this comparison is limited to homeowners and misses half or more of all poverty households. But it represents a significant achievement in reaching very low-income people with housing assistance just the same.

Second, it is clear from the evaluation that one of the key elements in the success of the Rural Home Repair demonstration was the ability of local agencies to utilize the DOE and CSA weatherization programs. Virtually all of the local demonstration efforts involved at least some use of weatherization funding, and more than half of the repaired houses surveyed by Urban Systems had benefitted from this resource. The key to the RHRP demonstration was the ability of the local agencies to combine various other resources with their flexible CSA demonstration funding in order to deliver home repair services to not just poverty households, but those in the bottom half of the poverty constituency. Far and away the most frequently utilized auxiliary resource was the weatherization program, and second to it was the use of CETA labor—itself another common element in weatherization assistance.

In short, what the RHRP demonstration showed as that using weatherization as a core program. The availability of additional flexible funding for both administrative costs (always a sore point in the weatherization program) and for special financial assistance to the lowest-income households, meant that it was possible at reasonable incremental costs to go beyond simple weatherization and to carry out substantive health and safety repair on the housing of very low-income people.

The relative success of the RHRP demonstration in achieving its goals leads us, as the program's evaluators, to recommend that a national rural home repair program be established as a fully operational housing assistance program. We will also be suggesting that the maximum chance of success in such a program will depend on the availability of a national weatherization program—along the lines being considered by this Committee—to serve as a core resource. We believe that these two products of Chairman Perkins' legislative initiatives logically combine to provide the basis for a new step forward in rural housing assistance. This step will bring assistance to a great many households that other programs are either inappropriate for, or cannot serve at all.

DESIGNATION OF LOCAL WEATHERIZATION PROJECTS

State grantees are given authority in the bill to designated other local agencies besides CAP's to carry out weatherization projects. This is especially helpful to rural areas, since 800 of the 1000 counties not served by CAP's are rural. This expansion will mean additional service to those in dire need of weatherization.

There is one problem. Additional priority would be given to any local public or private non-profit agency running a weatherization program at the time of enactment of the proposed title. This measure would exclude weatherization programs that have been unable the CSA or DOE programs due to administrative restrictions or the lack of funding continuity.

For example, the DOL funded network of thirty-five rural housing agencies that conducted weatherization and housing rehabilitation activities though CETA grants had to close out their weatherization projects due to the expiration of the Economic Stimulus Program on September 30 of last year. A few of these agencies are CAP's that would be eligible local projects, but many are not.

It would serve the purpose of this bill to utilize all weatherization expertise, not just continuing programs. Where Community-Based Organizations, Community Development Corporations, and Public Housing Authorities have housing or weatherization experience, the State should be authorized to designate them as local projects. This is critical in underserved rural areas, as well as with special populations, such as migrant and seasonal farmworkers and Indians.

COST RECOMMENDATIONS

We urge that the Director establish regulations to determine the program support costs and administrative costs with an eye to flexibility because of the prior problems discussed above. We would also suggest that the waiver of 15 percent requirement for program support be given to the local Project Advisory Committee. Rural programs will continue to issue greater administrative costs due to higher travel expenses and smaller scale of economies.

LOCAL PROJECT ADVISORY COMMITTEE

This bill provides for the establishment of local project advisory committees. We support this measure. Unfortunately, their function is not specified. We urge that these committees be authorized to approve waivers of per-unit spending limits.

The local committee should employ the simplest eligibility criteria possible in determining program participants. They should not duplicate verification which has already taken place through other Federal low-income programs. Therefore, once it has been established that the applicant is already receiving assistance from such programs as SSI, AFDC, Food Stamps, etc., or has received such services within the past six months, no further verification data should be required.

In the past, local committees have been inactive in the formulation of policy. The bill seeks to remedy this situation. Rural America believes that one source of the difficulty experienced by the CSA and DOE programs has been the lack of substantive local comment on program deficiencies. If this legislation is approved, we propose:

1. That all CAP's, community-based organizations, local subgrantees and State Energy and Economic Opportunity Offices be sent copies of proposed regulations.
2. That during the year following passage of this Bill, the Human Resources Subcommittee conduct field hearings to review both CSA and DOE programs and to receive recommendations on operational issues from a broad range of administrators, service deliveries and recipients.

This is the only way we know to effectively monitor, evaluate and improve a widespread, locally diverse program.

MATERIALS AND LABOR

We support the inclusion of labor costs with materials costs for those program activities that in the past have been restricted to only materials purchase. Dependence upon the availability of CETA labor under the existing and past programs has served to substantially reduce weatherization activities, especially in rural America where CETA outlays fall far behind those in metro areas.[1]

A shortage of construction supervisors has hampered development of weatherization services among our former sub-grantees, more so than a shortage of CETA trainees. We favor the provisions in H.R. 6619 which add flexibility to the CETA preference.

ANNUAL REPORT

We urge that the Act specifically provide for the CSA director's report on the progress of weatherization efforts and include data on these efforts in non-metro areas.

ONE YEAR AUTOMATIC EXTENSION

I also believe that the one year automatic extension in the Senate version be given careful thought by this Committee. It would allow for additional continuity, the lack of which could hamper this program.

In conclusion, I would like to re-emphasize our support of this legislation and we hope that it finds its way to passage. The unique provisions which target those most in need and recognize that other agencies are capable of administering the projects are indeed crucial to rural Americans.

STATEMENT OF JAMES McCOY, MEMBER OF RURAL AMERICA, WASHINGTON, D.C.

Mr. McCoy. Members of the committee, my name is Jim McCoy and I am here to testify on behalf of Rural America. I currently hold the position of director of the Applachian housing program, for the Kentucky Housing Corp., which is the State housing finance agency. The Appalachian program was formed and created to promote low-income housing in the 49 Appalachian counties in Kentucky.

I wish to thank you for inviting Rural America to testify on the proposed new authority for an energy conservation and weatherization program. These new authorizations, along with some of the new initiatives will, we trust, enable us to continue to work toward the elimination of inadequate housing among rural and small town citizens. I bring to the attention of the committee our concerns about a realistic weatherization policy in Rural America.

---

[1] See Rural America's statement on the reauthorization of CETA before the Senate Subcommittee on Employment, Poverty and Migratory Labor, March 10, 1978.

best copy available

The most essential element to a national energy policy is conservation, of which weatherization is a critical means to that end. According to the National Bureau of Labor Standards, fuel consumption can be reduced by 20 to 60 percent. According to the Senate Committee on Labor and Human Resources a national weatherization program of $10 billion allocated to 10 million homes can reduce the Nation's oil consumption by 30 million barrels annually. The pay back period for this program would be approximately 10 years and would trigger about 500,000 jobs to low-income workers. I would say the sensibility of a well run weatherization program is very clear.

H.R. 6619 provides a real opportunity for low-income rural people to benefit from Federal energy conservation and weatherization programs. The State allocation and eligibility percentage requirements you have stipulated in sections 1114 and 1122 respectively are particularly helpful in this regard.

We are also pleased with this bill on the expanded view of the types of organizations eligible for State weatherization assistance, as it indicates that Congress recognizes the unique problems of rural America. Restricting eligibility for weatherization assistance to CAP agencies only leaves many rural areas out of the program.

In general, we are pleased with this bill and believe that it will help solve many of the problems with the current DOE program.

Despite some recognition on DOE's part that changes are needed in their weatherization program to make it more flexible, the Perkins bill recognizes that CSA as the antipoverty agency of the Federal Government is more appropriate to use in running a low-income conversation program. The weatherization program has been lost and will be lost, in a massive agency like DOE and therefore, we strongly support return to CSA.

The current DOE weatherization program is inefficient in serving the needs of low-income people. According to DOE's own Inspector General in a report issued last June, DOE has not met its own goal. As of December 31, 1978, only 24 percent of the intended goal of 395,000 homes were weatherized. During the same period, only $25 million of a $91 million authorization had been spent. It has been estimated that there were $200 million in unspent funds from fiscal year 1977 through 1979.

Between October 1, 1976, and June 30, 1979, DOE weatherized only 184,255 dwellings. In contrast, CSA weatherized 372,911 homes over a comparable 3-year period, spending a total of $191.2 million from fiscal year 1975 through 1978. The average cost per welling was about the same in both programs so costs per home do not account for the DOE weatherization rate being half that of CSA.

There is another reason for our strong support of national weatherization efforts, along with the lines of this bill. It grows out of Rural America's experience in connection with another program for which Chairman Perkins can properly take credit. A number of years ago, the chairman prepared and pushed through to enactment language establishing a regular rural housing research and development program in CSA.

The principle CSA initiative under this Perkins amendment in recent years has been a major rural home repair demonstration. This demonstration, operating through 21 local agencies in 20 States, was aimed at testing the possibility of providing housing assistance in the form of home repairs to very low-income households, ones usually passed over by other housing programs.

Rural America, working with Urban Systems Research and Engineering of Cambridge, Mass., which carried out the data collection and analysis, has been doing the evaluation of this rural home repair demonstration for CSA. The final report to CSA is in preparation right now. Some of the highlights are that, first, the demonstration has been very successful in reaching very low-income households.

The median income of the clientele served by the demonstration in its first 2 years is lower than that currently characteristic of any other Federal housing assistance program for which we have been able to find client income data.

Second, it is clear from the evaluation that one of the key elements in the success of the rural home repair demonstration was the ability of local agencies to utilize the DOE and CSA weatherization programs. Virtually all of the local demonstration efforts involved at least some use of weatherization funding, and more than half of the repaired houses surveyed by Urban Systems and benefited from this resource.

The key to the demonstration was the ability of the local agencies to combine various other resources with their flexible CSA demonstration funding in order to deliver home repair services to not just poverty households, but those in the bottom half of the poverty constituency.

In short, what the demonstration showed as that using weatherization as a core program, the availability of additional flexible funding for both administrative costs—always a sore point in the weatherization program—and for special financial assistance to the lowest-income households, meant that it was possible at reasonable incremental costs to go beyond simple weatherization and to carry out substantive health and safety repair on the housing of very low-income people.

Under this bill, State grantees are given authority in the bill to designate other local agencies besides CAP's to carry out weatherization projects. This is especially helpful to rural areas, since 800 of the 100 counties not served by CAP's are rural. This expansion will mean additional service to those in dire need of weatherization.

We urge that the director establish regulations to determine the program support costs and administrative costs with an eye to flexibility because of the prior problems discussed above. We would also suggest that the waiver of the 15-percent requirement for program support be given to the local Project Advisory Committee.

We support the inclusion of labor costs with material costs for those program activities that in the past have been restricted to only materials purchased. Dependence upon the availability of CETA labor under the existing and past programs has served to substantially reduce weatherization activities, especially in rural America where CETA outlays fall far behind those in metro areas.

In conclusion, I would like to reemphasize our support of this legislation, and we hope that it finds its way to passage. The unique provisions which target those most in need and recognize that other agencies are capable of administering the projects are indeed crucial to rural America.

Mr. Raley. Thank you very much. John Dean, who is minority counsel for the subcommittee, may have some questions.

Mr. Dean. I have a couple of questions. First of all, if appropriations were limited, as they are likely to be, they would be less than would be desirable. Would you support the listing of priorities in the State plans for the activities to be conducted so as to earmark funds for the most cost-effective weatherization to be carried out?

Mr. McCoy. Yes; I would. I also urge some type of language that supports combining with other programs through Farmers Home and through HUD to make—well, it makes the money go farther and you can help the people to have a safer home, not only weatherized but through some of the other programs worked in conjunction you could also remove some other health hazards to the family.

Mr. Dean. My second question is that in the legislation under consideration priority for designation as a local weatherization project is given to the community action agencies. Would you prefer that all organizations with a demonstrated capability to carry out these projects be given equal consideration?

Mr. McCoy. I probably would, especially in some of the mountainous areas that I work in. I work in, like I said, 49 Appalachian counties, and there are several local-based organizations, community nonprofits, that are doing weatherization in conjunction with the CAP agency. They really have some very effective programs. I think it should be a joint effort and not one group exclusive of the others.

Mr. Dean. That is all I have.

Mr. Raley. Mr. McCoy, you mentioned in your testimony that a number of rural areas were not represented by the CAP agencies. Is that correct?

Mr. McCoy. Yes.

Mr. Raley. Do you have any idea about what percentage or what kind of numbers we are talking about?

Mr. McCoy. Well, there are 1,000 counties in the United States that are not covered by CAP agencies, and 800 of them are in rural areas.

Mr. Raley. That answers my question exactly. I believe you covered this in your testimony but I would like to reemphasize it. As far as options in these 800 rural areas that are not represented by CAP agencies, do you have suggestions as to what or who should represent these counties in a weatherization program?

Mr. McCoy. It would be a variety of organizations such as community based housing groups. In some areas of Kentucky we have regional housing nonprofit corporations, community development agencies. Theer are a lot of other agencies out there and there probably will still be some counties in some areas that do not have any of these. Those are the ones that we are going to have to create a vehicle to serve.

Mr. Raley. In other words, perhaps in the legislation itself, we need to provide some kind of flexibility at the State level for the creation of such a vehicle?

Mr. McCoy. I believe it is needed in the legislation.

Mr. **Raley**. This request may be somewhat more detailed than your available information, but as far as sections of the country, is there any sort of geographic patterns of areas which are not represented in rural areas?

Mr. **McCoy**. I have someone with me who should have that information.

Mr. **Raley**. State your name, please.

Mr. **Narasimhan**. My name is Shekar Narasimhan. I am the associate director of housing for Rural America. The problem of "uncapped" counties is particularly great in the Northwest and in the Southeastern parts of the United States. Those are primarily the most rural areas of the country. There are significant populations that are not served through existing community action programs.

As Jim emphasized, there are community based groups in those counties, in many of them at any rate. I wanted to throw in another group, also public housing authorities, that are available as a vehicle for the delivery of weatherization services in those counties.

Mr. **Raley**. I was interested in your testimony in one area where you talked about the number of people in need who presently live in rural areas. You mentioned that the number of low-income persons might actually increase in rural areas. I think very often we have stereotypes of urban areas having the only large concentrations of the low incomed.

Do you have any statistics, again just to reinforce this, in terms of low income individuals or families living in rural areas?

Mr. **McCoy**. Forty percent of the Nation's poverty level people live in rural areas. That is significant in that only 27 percent of the total population live in rural areas, so there is actually a disproportionate share of poverty-level people in rural areas.

Mr. **Raley**. Have there been any studies done, or any surveys if not studies, which would speak to the condition of homes in rural areas that low-income individuals live in?

Mr. **Narasimhan**. Yes, we do have data that breaks down rural and metro areas and proportions of poverty and substandard housing. I would be glad to provide that data to this committee.

Mr. **Raley**. If you could do that I would appreciate it very much.

Mr. **McCoy**. In Kentucky alone we had a study done last year that shows that in some counties 56 percent of the housing is substandard.

Mr. **Raley**. Would you state that figure again, 50 to 60 percent?

Mr. **McCoy**. Fifty-six percent. That is not in all counties, but in some of the more rural counties.

Mr. **Raley**. Given that emphasis on the number of low-incomed and the amount of substandard housing in rural areas in the country, does Rural America have a position on eligibility criteria? I think, as you are aware, H.R. 6619 places that at 100 percent of the poverty level, whereas various other proposals, the Senate bill, for example, I believe places it at 85 percent of BLS and some have suggested today 150 percent of the poverty level. Do you have a position on that as to what would be the criteria?

Mr. **Narasimhan**. The basic position that we take is that the major benefits of the program are to go to those with the greatest need. We would support very strongly the House bill provision that restricts the services being provided to those at 100 percent or less of poverty.

In addition to that, the criteria of the House bill that calls for allocation based also on the percentage of people in poverty is highly desirable and is better than the one in the Nelson bill.

Mr. **Raley**. Just so we touch on the other criteria as well, do you have any idea of the number of individuals over 60 who live in rural areas as compared to the general population?

Mr. **Narasimhan**. Again, I will not give you an exact figure but it is disproportionately high.

Mr. **Raley**. Do you by chance have any knowledge of those who are severly handicapped?

Mr. **Narasimhan**. Again, it is disproportionately high compared to the percentage of population in nonmetro areas. I will provide you figures on each one of the questions you have raised and submit it to the subcommittee.

Mr. **Raley**. Fine. We would very much appreciate that. One of the other issues, of course, which was addressed earlier this morning, dealt with the inflexibility in the existing guidelines in DOE regarding the use of CETA workers. Would Rural America have a position on this aspect of the bill?

Mr. **Narasimhan**. The initial position that we argued for was that there should be a direct link between the CETA and the DOE weatherization program, since both committees on the House and Senate side dealt both with labor and CSA, that the committees ought to create a direct connection, but the shortfall and the increasing tendency to lower the CETA outlays, what I think we are arguing for right now is flexibility so that people can use DOL labor if it is available, and if it is not, that they can pay for other skilled and unskilled labor through the program funds directly.

In testimony in 1978 before the Senate committee, we had also done a study of the comparison of CETA outlays between rural and nonmetro, and there is a disproportionate share that goes to metro in comparison to poverty. So there is not much CETA available in rural areas and it would make the program almost unmanageable if it was directly linked and there was not any set aside.

Mr. **Raley**. Would I then be correct in suggesting to the members of the subcommittee that the amounts of weatherization currently going on in low-income homes in rural areas is also disproportionate?

Mr. **Narasimhan**. Yes.

Mr. **Raley**. In H.R. 6619 we have also included encouragement in suggesting flexibility for workers who might qualify under title V of the Older Americans Act. Does Rural America have a position on that aspect?

Mr. **Narasimhan**. I think in rural areas particularly it would be a very useful provision to have in the bill.

I just wanted to come back to one earlier question. One of the things we are submitting in our testimony is the request that the director of CSA submit a report to this committee annually on the progress of the weatherization program, and in that report distinguish between metro and nonmetro outlays. That data is very hard to get from DOE in terms of how many homes have been repaired in different regions of the country, and we are recommending that that report contain the information so we can argue for or against it.

Mr. **Raley**. If I understand you correctly, you are saying that it is really difficult to get information about regions. Are you talking about regions in terms of Federal Regions 1 through 10 or regions in terms of something else?

Mr. **Narasimhan**. By regions in terms of metro and nonmetro.

Mr. **Raley**. Another aspect in the House bill concerns the use of volunteers. To your knowledge, are volunteers currently being used in the Department of Energy program?

Mr. **Narasimhan**. Yes.

Mr. **Raley**. How is that working, if you can describe that for us?

Mr. **Narasimhan**. Both Jim and I can talk about eastern Kentucky. There are some very heavy uses of volunteers going on through the use of church nonprofit organizations that have been able to get summer loads of kids to come in and involve themselves in weatherization programs and do an extensive job.

It is not always satisfactory, but there is tremendous use by local nonprofits in Kentucky of volunteers.

Mr. **Raley**. What sort of work would the volunteers be doing?

Mr. **Narasimhan**. Mainly weatherstripping, caulking, and blowing in insulation. They do no structural work.

Mr. **Raley**. They would do blowing in of insulation as well?

Mr. **Narasimhan**. Yes.

Mr. **Raley**. All right. Thank you very much.

Mr. **Narasimhan**. Thank you.

Mr. **McCoy**. Thank you.

Mr. **Raley**. I am going to ask at this time if Carol Werner is present representing the National Consumer Law Center.

[Prepared testimony of Carol Werner follows:]

PREPARED TESTIMONY OF CAROL WERNER, LEGISLATIVE REPRESENTATIVE, NATIONAL CONSUMER LAW CENTER, INC., WASHINGTON, D.C.

Mr. Chairman and members of the subcommittee, thank you for the opportunity to appear before you to present our views relative to H.R. 6619. The National Consumer Law Center is a nonprofit organization which provides technical support and related assistance to over 300 legal services offices, 900 community action agencies, and 40 CSA State energy advocacy programs throughout the country with regard to energy issues affecting low- and moderate-income consumers.

The bill before us represents an important step in providing desperately needed assistance to low-income households struggling against overwhelming increases in energy costs, coupled with soaring inflation rates in the rest of the economy as well. A few months ago Congress passed an emergency appropriation to provide funding this winter for low-income fuel assistance. The windfall profits tax conference recently agreed to allocate 25 percent of those tax receipts for low-income energy assistance and agreed upon an energy assistance program for 1981. This was done to help the needy hold the line, in some small measure, against the seemingly unceasing increases in energy prices. The only way that line can be held in any lasting way is through implementation of a comprehensive weatherization and conservation program. As you are well aware, dollars invested in weatherization/conservation activities pay for themselves over and over, and provide the only means through which to minimize the need for energy assistance. To provide large sums for energy assistance without providing an effective weatherization program makes no sense—economically or any other way. The program would not assist only low-income people—it would also assist the national economic and political need to limit consumption of expensive, imported oil.

Therefore, although we commend you strongly for providing higher authorization levels than in the Senate-passed bill, we would suggest that the funding levels should be higher. Because of the critical energy situation and the obvious benefits to the country as a whole, as well as the direct recipients, it is important that effective weatherization of dwellings occur on as large a scale and as quickly as possible. It has been estimated that it would cost nearly a billion dollars to weatherize a million homes. Since approximately only one-half million low-income homes have been weatherized thus far because of the tremendous problems in the Department of Energy's program, it would take over ten years to serve all those households at or below the poverty line at the rate of one million per year.

H.R. 6619 addresses key areas that have been serious problems in the existing weatherization program. Foremost has been the exclusive reliance upon CETA labor. This practice had placed a virtual stranglehold on weatherization programs in many parts of the country. Numerous press reports found that warehouses were full of weatherization materials which went begging to be used because of a totally inadequate—if not nonexistent—labor supply. Your provision to utilize CETA labor "to the extent such utilization is practicable" and to allow the state grants to be used for purchase of weatherization materials and labor costs has gone a long way toward assuring an appropriate mix of public and private sector employment in the program. We believe that too heavy a reliance upon CETA labor or CETA-eligible labor could repeat the painful experiences of the past and seriously inhibit the speed, quality, and effectiveness of the program.

Efforts to train the unemployed are important but should not be allowed to hinder the speedy implementation of the program. Efforts to involve older persons eligible for assistance under Title V of the Older Americans Act are important; hopefully this could well result in bringing additional needed skill, experience, and maturity to the program's workforce.

Secondly, your proposed bill correctly provides greater flexibility relative to weatherization-related repairs. The DOE program—until very recently—placed a very unrealistic $100 limit per unit on repairs. The effect of this arbitrary rigidity was to prevent many units (which needed assistance the most) from being weatherized, hardly a cost-effective response to the energy crisis.

Third, H.R. 6619 ties the weatherization program to a comprehensive energy program for the low-income population. It is clear that a weatherization program without a close connection to related programs in conservation education, advocacy, information, and other alternative technology applications, is a dead-end program. These are all closely-related facets of the energy/economic dilemma harshly confronting poor people. We would suggest to you, however, that this component which you recognize as essential, is provided a totally inadequate funding level. The cost-effectiveness of its many applications cannot be overstated. The "payoff" of such an investment will be great and will once again provide a viable alternative to pumping ever-increasing numbers of dollars into energy assistance to meet the ever-increasing costs and needs.

It is only through such efforts that we can start to provide solutions rather than strictly stop-gap measures. Instead of $10 million, there should be $100 million authorized if we are really serious about affecting changes in our energy usage and consumption patterns. Study after study has indicated the massive potential of comprehensive conservation and alternative technology. The low-income constitute a significant portion of this country's people. They have been the hardest hit; surely there should be a significant effort directed toward that population.

Fourth, H.R. 6619 would administer the low-income weatherization program through CSA as opposed to DOE. This is a critical point as DOE had let the weatherization program founder under its administration. Its history is dismal and notorious in its inadequacy. It was only after the program had virtually ceased to operate in many parts of the country amid many highly critical press reports that DOE undertook some corrective action.

Last summer, DOE's own Inspector General issued a report which castigated the Department's administration of the program. Major criticisms included:

(1) failure to expend appropriated funds. It is estimated that over $200 million of appropriated funds (through fiscal year 1979) remain unexpended out of a total of $290 million appropriated to DOE through fiscal year 1979.

(2) insufficient focus on violations of regulations, such as premature cost advances to grantees, misapplication of program funds, assistance to ineligible homeowners and weak inventory controls.

(3) limited program oversight by the Department because of lack of uniform policies, inaccurate and incomplete reports, and inadequate accountability systems.

(4) failure to meet program goals. In a 3-year period through June 30, 1979, DOE weatherized only 185,000 dwellings as compared to an internal program goal of 1.1 million homes.

In contrast, during the slightly more than three years that CSA developed and ran the program, a total of 405,211 homes were weatherized.

It is commendable that DOE has finally and very recently focused some attention upon the weatherization program through the Office of Special Projects and the publication of revised regulations, after having allowed the program (at a very important time) to simply languish for over two years. That the Department of Energy would wait over two years before deciding to grant a waiver on the CETA labor requirement, for example, is inexcusable. They clearly had statutory authority and they knew how severe the problem was. But they waited. This is symptomatic of the problems and attiude encountered during DOE's tenure of the program. Amending their regulations will most likely not substantially alter the overall administration of the program for several reasons.

First, the Department of Energy is not in the business of providing delivery of services and certainly does not feel any mandate to serve the low-income population. Weatherization is a service delivery program that is energy related. The program was originally placed in DOE because of governmental reorganization which said anything connected with energy was an energy program and should be placed under the aegis of DOE. I would suggest that this reasoning was faulty. Providing services and attempting to alleviate some of the worst problems of low-income person is what the Community Services Administration is all about. That is CSA's mandate. CSA is already in the business of coordinating various program activities for poor people through its network of Community Action Agencies. Weatherization should also be coordinated by the agency with the constitutency to be served.

DOE has been utilizing the same vehicles (CAA's) at the local level, but what that means is additional bureaucratic layers, different administrative procedures that must be dealt with by the CAA's locally because they are having to deal with different federal administering agencies. This cannot help but increase confusion and time and money spent in adminstration on the local level.

Weatherization has not been a priority for the Department of Energy, which is not surprising. In an agency with a budget of several billion dollars with heavy emphasis on energy production, huge R&D programs, and policy development responsibilities that have tremendous national and international implications, a $200 million program to weatherize low-income dwellings does not assume gigantic proportions. In addition, oversight of the program becomes very difficult (as we have seen) in as large an agency as DOE. A program of that size can become lost in the myriad of other critical policy issues and programs which seem more crisis-oriented and "more important."

On the other hand, the weatherization program would be a major part of CSA's budget, and hence, priority. Effective oversight should be much easier as the program would constitute a principal function of the agency. Since the mandate of the agency to its constituency is so clear, responsiveness to those program needs, if not automatically forthcoming, can be demanded in a much more effective fashion.

There are several other issues raised in the bill of concern to us. On the question of eligibility, we would recommend that those households at or below 100 percent of the Bureau of Labor Statistics "lower living level" be considered eligible. The bill provides only for those households at or below 100 percent of poverty; we feel this excludes many households in dire straits who need this kind of assistance and certainly cannot provide it for themselves.

Substitution of 100 percent of the BLS standard would be consistent with the population eligible to receive energy assistance under the fiscal year 1981 program. To not allow weatherization assistance to households receiving energy assistance would only increase their annual need for energy assistance dollars.

language that would supplement the definition of "severely handicapped" to include those whose health condition would be severely aggravated by insufficient heat would be helpful. This is an important factor for young children who are susceptible to cold much the same as older persons.

Another critical area is the allocation formula to the states. It would seem that priority in distribution for limited funds should go to those states having the greatest number of low-income persons and the most severe weather conditions, which makes their energy costs much higher than in other parts of the country. The discomfort of inadequately weatherized housing stock is obviously much more acute in those areas with the worst winters. Formula questions are complex, fraught with controversy and never seem to resolve themselves by consensus. However, we do strongly recommend that the formula be revised to weight climatic factors much more heavily. Nearly half—49 percent—of all low-income households are in the Northeast and North Central regions which have long, cold winters, and especially high energy costs as there is a high residential usage of fuel oil. The emphasis on elderly in the formula relative to the other factors could result in an unjustified skewing of funds to warm states that have large elderly populations.

The treatment of renters is a difficult issue but a tremendously important one since over half of low-income households are renters. We recommend the strong provision in the bill and would encourage you to go even further if possible. Provision should be made in the bill or report language for dealing with rental properties of mixed eligibility. It may be impossible to establish criteria to prohibit "any unnecessary or undue increase in the market value of rental property." Perhaps, another alternative would be to require state plans to set forward criteria to prohibit any undue increase in rent because of weatherization property improvements through this program. State plans should not be approved unless a comprehensive plan addressing these rental issues is set forward.

Another issue central to making the program work well in the field is adequate program support. H.R. 6619 would allow only 15 percent for that purpose and yet sets forth a broad definition of what program support entails. Much as everyone would like to see administrative overhead kept as low as possible, inadequate allowance for program support results in inefficiency, ineffectiveness, and counterproductivity. Such narrow constraints could result in strangling the program as opposed to streamlining it and making it cost-effective. Contact we have made with field staff strongly indicates that this figure should be raised to 25 percent. The Director would, of course, still be able to restrict that amount if felt to be appropriate in particular situations.

Other areas which we feel would further improve the bill include:

1. a state plan requirement to detail a plan of coordination with other related funds coming into the state, *e.g.*, HUD "rehab" money, so that as much complementary action as possible would occur making all the dollars go further.

2. provision of a private right of action to provide recourse for an eligible person should their right to receive assistance be denied.

3. making the establishment of criteria and standards for the state plan requirements consistent with the issuance of proposed and final regulations. In other words, the state plan standards could be published 60 days after enactment with the proposed regulations and public comment could be received on the former before publishing the final standards and regulations 120 days after enactment.

4. the incorporation of "potential energy savings" as a factor along with "climatic and structural settings" in the establishment of standards for weatherization materials and energy conservation techniques.

5. a modification in the procedure to determine if the priority to a given community action agency should be removed. We would suggest that the priority not apply "if the Director determines, or if the chief executive officer of the State, with the concurrence of the Director" makes that determination. This simply ensures that CSA maintains some authority in that decision and that such a decision is not made for some strictly local political reasons which may not be justifiable.

In conclusion, may I offer our strong support of the proposed legislation. We hope that you will seriously consider our recommendations. We would urge you to take expeditious action in moving this important bill forward.

STATEMENT OF CAROL WERNER, LEGISLATIVE REPRESENTATIVE, NATIONAL CONSUMER LAW CENTER, WASHINGTON, D.C.

Ms. **Werner.** Thank you for the opportunity today to appear before you. I will try and summarize my remarks. Our center is a nonprofit organization which provides technical support and related assistance to legal services programs around the country. Many of our concerns have been expressed by other people appearing here this morning. I will try and reiterate those concerns and a couple of other areas that we are looking at.

First of all, I would very much like to commend the committee for starting to move on this bill. We think that it is absolutely imperative and we strongly support the legislation and hope that the committee will encourage the House to move very expeditiously in passing it.

The bill represents an important step in providing desperately needed assistance to low-income households. I think that this is particularly true when we look at the fact that last year the Congress passed emergency appropriations for energy assistance. A couple of weeks ago the conference committee on windfall profits agreed to set aside 25 percent of those tax receipts for low-income energy assistance, and that as much as that is desperately needed, for us to not have an absolutely comprehensive weatherization program going in conjunction at the same time seems to make no sense economically and otherwise as far as really meeting the energy needs of this country, as far as low income people are concerned and also as far as the national policy question is concerned.

Although we commend you for including an authorization level that is higher than in the Senate-passed bill, I would like to reiterate the comments of Cushing Dolbeare from the Urban Housing Coalition on that point, that if the money can be effectively absorbed locally that it is critical at this time to raise those authorization levels to put as much funding into this program because the benefits accrue across the board.

Mr. **Raley.** Carol, could I interrupt you just a moment?

Ms. **Werner.** Yes.

Mr. **Raley.** When you say it can be effectively absorbed locally, what do you mean by that?

Ms. **Werner.** What I mean is that I think that some people are concerned as far as putting additional funding into programs and that it is not able to be utilized effectively down through the various mechanisms. So what I am saying is that there clearly needs to be much more money that goes into this program so that there can be much more massive kinds of weatherization programs that occur throughout the country.

Mr. **Raley.** In other words, if the Congress was capable of developing a mechanism which would effectively and efficiently get resources into weatherization at the local level, then we should put more resources into it?

Ms. **Werner.** Absolutely, so that more homes could be weatherized in a much shorter time period. For example, in the years that the weatherization program has been in existence, there are approximately half a million homes that have been weatherized around the country. If you look at the poverty level, and I think we saw this in terms of energy assistance legislation as well as on the Senate side in dealing with comparable weatherization programs, that we are looking at, at least 10 million households.

If you go to other standards such as BLS you are looking at even more than that. And at that rate, it is over a decade of spending a billion dollars a year figuring an average of around $1,000 per unit, which is a figure that has occured in various parts of the country, that you are talking about a decade in order to accomplish it. This is a very, very critical time as far as meeting an energy crisis in the country as a whole.

H.R. 6619 addresses key areas that have been serious problems in the past in weatherization programs. Foremost has been the exclusive reliance in the past on CETA labor. We are glad that the bill addresses this problem and we concur with the remarks that have been made about CETA this morning and wholeheartedly support those.

Your bill also provides greater flexibility relative to weatherization related repairs. Again, we think that is very important. In the past through the DOE program there has been an arbitrary limit of $100 that had been established. It prohibited weatherization of many homes that obviously needed this service the most, which is hardly a cost effective response to dealing with a severe energy problem.

Third, H.R. 6619 ties weatherization programs to a comprehensive energy conservation program for the low-income population. We feel strongly that you cannot effectively do weatherization without it having a close connection to related programs in conservation education, advocacy information, and alternative technology application.

I have to come back to the question of funding again. The bill authorizes $10 million in this area. We feel that it is so significant, it is tremendously cost effective and if we are really going to deal with the energy situation, if we really mean to deal with that, that much more has to be put in there. We would recommend a $100 million funding level for that.

I think we are all aware that countless studies that have come out in the last few years have emphasized the massive potential that there is in terms of weatherization conservation and alternative sources. The percentages are so great that, again, as far as the low-income population is concerned, also as far as national energy policy is concerned, that this becomes very important.

I have also addressed the whole question at some length in my statement about the CSA versus DOE question. We strongly support the program being administered on the national level through the Community Services Administration and there are several critical reasons. I think that the history is certainly a key one.

The fact that DOE is now trying to make some changes is important. We are glad to see that happen. I think that those changes are being made because finally there was a considerable amount of publicity that arose and also because there was legislation that started to proceed through channels on the Senate side and it took that kind of pressure to get them to address the problems. That seems to be systematic.

I think that there is no way that an agency, such as the Department of Energy, will ever be able to put the kind of priority on this kind of a program. They are not set up to deliver services in the same way that the Community Services Administration is, where low-income people in serving that constituency is their mandate.

I think that as far as congressional oversight is concerned as well that certainly it would be a much easier function and would be able to be done much more effectively through dealing with an agency like CSA as opposed to DOE simply because the program would be one of their primary functions as opposed to DOE where it is a very, very small program when you are looking at a multibillion-dollar agency.

I would also like to briefly mention that we are concerned about the question of eligibility in the bill. We clearly recognize the need to serve the poorest of the poor first. However, we would suggest that, and I believe this remark was made by an earlier witness, it should not preclude a recognition that there is a much larger population in very, very great need. And simply because the dollars are not there right now they should not be foreclosed from being eligible, and that there should be flexibility in the program, certainly in terms of application throughout the country, where situations will vary locally.

We would suggest that since the energy assistance bill that has been approved by the conferees for fiscal year 1981, since that uses a 100 percent BLS eligibility standard and the 100 percent BLS standards were also approved on the Senate floor relative to the Nelson bill, that it would make sense that anyone who is eligible for the receipt of energy assistance should also be considered eligible for weatherization services.

There is a question that we have about the allocation formula. I know that this will not be anything that will come about by consensus, it never does, although we really are concerned that there should be a greater emphasis on weather conditions, upon heating degree days here, that the formula as set forth in the bill does not sufficiently give weight to the climate situation that confronts many of the low-income population.

Nearly half, 49 percent I believe it is, of all low-income households are in the Northeast and in the North Central part of the country. Obviously, the winters here are much worse than in many other places of the country. So we would suggest that that should be carefully looked at.

We are also very concerned about treatment of renters. We commend you for having put in the strong language that is in the bill relative to equitable treatment for rental property. We think that the report language should address the whole question about situations, say, in a multiunit dwelling where there is mixed eligibility that in some way through State plan requirements that there needs to be a comprehensive approach to treatment of renters put forth.

Because such a large proportion, over half of the low-income households, are in rental property, this question becomes so important that we would really recommend that there be a State plan requirement that a plan could not be approved unless the rental question was adequately addressed by the State plan.

Mr. **Andrews**. Excuse me. Is that microphone working? I am having a little difficulty hearing you and I see people in the back wrinkling their faces. I do not think they are hearing you well either.

Ms. **Werner**. Is this better?

Mr. **Andrews**. Good.

Ms. **Werner**. Another issue central to making a program work well is having adequate program support. Much of what we would all like to see is that as few dollars go into that area as possible. We are concerned that the 15 percent allotted in the bill is not sufficient and that that only hurts the management of a program, its ability to work efficiently.

There are two ways in which that could be done. We recommend upping that percentage or else redefining the administration and program support, because the definition provided for program support is very, very broad and we feel that that provision needs to again be looked at more closely. We would certainly recommend making more funding available for that.

There are some other areas which I alluded to in my written statement which I will just mention. We would encourage a State plan requirement that provides for a plan of coordination on the local level with other Federal programs putting money into a state simply so that there is as much efficiency of effort and that those dollars go as far as possible since those dollars have been limited as opposed to the great need that is present.

We would suggest that there be a provision made for a private right of action in the bill.

Mr. **Andrews**. For what?

Ms. **Warner**. For a private right of action. So that if there is an eligible person, for example, who is denied benefits that there simply be some sort of recourse or appeal procedure that be provided for beneficiaries. If there are other questions at some later time, I would be happy to discuss that further.

In the bill there is a provision whereby the State plan requirements would be published 120 days after enactment, although the agency would be required to publish proposed criteria direct 60 days after enactment. We would suggest that that be coordinated, that indeed State plan criteria be published at 60 days to be subjected to public comment, with again final criteria as well as the final regs at 120 days after enactment.

Another suggested change in wording is that in the bill provision where factors are listed as far as defining standards for weatherization materials and conservation techniques, we would suggest including the phrase, "potential energy settings." The bill currently provides for climatic and structural settings as being one of the things to be looked at. We feel that that is a potential energy savings so that indeed we are looking at the most cost effective measures.

We also feel strongly that the priority for community action agencies should be retained, as is done in the bill. We would simply suggest that the priority not be able to be removed unless there is the concurrence of the director of CSA in that decision.

I would just like to conclude by saying that we strongly support the bill and certainly hope that it moves forward very quickly in the Congress.

Mr. Andrews. We thank you. Chairman Perkins had requested that we await his arrival. He would like to introduce his friend from Frankfurt, Ky., but inasmuch as he not here perhaps we should proceed with Robert Whitehead.

Ms. Boone. I am representing him.

Mr. Andrews. All right. If you don't mind, would you begin your testimony and if Chairman Perkins should arrive as you are testifying, if you will graciously do so, we would like to interrupt you.

[Prepared testimony of Robert Whitehead follows:]

PREPARED TESTIMONY OF ROBERT WHITEHEAD, BOARD MEMBER, NORTH CAROLINA SENIOR CITIZENS FEDERATION

Mr. Chairman and members of the committee, I am Robert Whitehead, Honorary Board Member of the North Carolina Senior Citizens Federation. I am a former Director of Personnel for the Region VII office of the Office of Economic Opportunity and later held the position of National Director of Employee Relations of the Bureau of Hearings and Appeals. I am now retired on disability. Also with me is Ruth Boone, member of the North Carolina Senior Citizens Federation Advisory Council and Director of Senior Citizen Programs for Experiment in Self Reliance, the Community Action Agency in Winston-Salem, North Carolina. I am from New Bern, North Carolina, and we are here representing the Federation which is a statewide organization of over 20,000 low income older people across North Carolina and represents the interests of thousands of additional elderly poor citizens in our state who are not official members. We are here representing the eastern and central parts of North Carolina.

We welcome this opportunity to appear before you this afternoon to discuss H.R. 6619, a bill to amend the Economic Opportunity Act of 1964 to establish a comprehensive energy conservation services program designed to enable low-income individuals and families, and severely handicapped individuals to participate in energy assistance programs.

First of all, the Federation is happy to see the particular attention and status given to the needs of the elderly in the language throughout the bill. In the Statement of Purpose of the bill, Section 2, it is stated that the purpose of this Act is to establish a comprehensive energy conservation services program designed to enable low-income individuals and families (particularly older persons and families which include older persons), and severely handicapped individuals, to participate in energy conservation and energy assistance progrms which will lessen the impact of high energy costs on such individuals and famlies and reduce individual and family consumption.

In the Findings and Declarations of Policy, Section 1101(a)(1), Congress finds and declares that rising energy costs have reduced significantly the real purchasing power of low-income individuals and families (particularly older persons and families which include older persons), and severely handicapped individuals, in the United States to levels at which they are unable to acquire the necessities of life.

We welcome these two specific references to the elderly on the second page of the bill (lines 4 and 5, 21 and 22) because it is very clear to the elderly poor people we represent that the combination of the energy crisis and the spiralling rate of inflation, especially in the necessity areas of food, housing, health care, and energy, will continue to have a severe impact on the quality of their lives. With the cost of living rising so steadily, one does not need a crystal ball to see that the 1980's will be a difficult and crucial time for the ever increasing elderly poor population across this nation.

There are some additional references to older persons in the bill that we also support:

1. In the section on the State Plan and Requirements, Section 1116(b)(3)(B), on page 20, lines 18 through 20, it states that the State weatherization plan shall describe in detail the methods to provide priority to low-income individuals who are also older persons. We support this requirement for states to put down in writing their efforts to reach the elderly with the program.

2. In the section on Eligibility for Participation in Weatherization Programs, Section 1121(1)(C) and (D), page 32, lines 3 through 11, we strongly support the 150 per centum of the poverty level for individuals who are sixty years of age or older and for families which have a member who is sixty years of age or older.

Moving back to page 10 and 11, Section 1113 on Authorization of Appropriations, we support the authorization levels as stated for Fiscal Years 1981 through 1983. In comparing the authorization levels in S. 1725, the Senate version of the amendments to the Economic Opportunity Act of 1964 to provide comprehensive energy services programs, we obviously support the higher levels authorized in H.R. 6619. Although we do not have the breakdown of how many additional units could be weatherized with the 34 percent higher authorization level, we do know that the present need for weatherization is far from being met. Low-income and elderly individuals usually live in older buildings which are frequently in need of repair and the energy savings that can be made through improvements to their homes translate directly into more money available for their food and other necessities.

In Section 1114, Allotment to States, we support the idea of the three part formula to determine the amount of funds allocated to each state. However, we suggest two changes. First, in subsection (b)(1)(B) on page 11, line 22, we suggest the line read "income equal to or lower than 125 per centum of the poverty level". Low-income people at this level are currently eligible under Community Services Administration poverty guidelines and we feel that this would enable additional needy people at the near poverty level to benefit from the weatherization program. Second, in subsection (B)(1)(C) on page 12, line 6, we suggest the line read "are 60 years of age or older with an income equal to or less than 150 per centum of the poverty level bears to the total number". Since the weatherization program is designed for low-income people, the state allocation formula should be consistent with the eligibility levels for those persons 60 years of age or over as indicated in Section 1121(1)(C). This change would prevent states with a greater proportion of higher income older people from unfairly receiving an additional amount of funds.

In Section 1115(c) on page 18, lines 12 through 15, it is stated that in allocating funds for carrying out weatherization projects within any State, the Director shall give priority to community action agencies within each State for so much of the geographical area as is served by each such agency. We support this priority for community action agencies to operate the weatherization program as most of our organizational membership has been organized through the community action network in North Carolina.

There are some additional areas not presently addressed in H.R. 6619 that we think should be included in the bill.

1. In our role as an advocacy organization for the elderly poor, one important principle we have always stressed is the need to involve the elderly poor not only as clients of programs, but also as participants in the process of planning, coordination, and evaluation of the programs serving them and their families. H.R. 6619 is consistent with this principle in the following sections:

Section 1119 on page 30 where states may provide assistance to an agency to provide low-income individuals and families, and severely handicapped individuals with weatherization assistance which will provide for direct participation of the low-income population and the population of severely handicapped individuals, of the area to be served in the development, conduct, and overall program direction at the local level.

Section 1120(b)(1) on page 31 and 32 where in order to be designated as a local weatherization project, an agency shall establish a local project advisory committee, and provide for the regular participation of the population to be served or their representatives in the implementation of such weatherization projects.

Section 1125(b) where the specific views of individuals and families participating in and served by programs and projects under weatherization shall be obtained in carrying out evaluations.

We advocate carrying this idea of participation in all phases of the program by those served to the next level in the establishment of a State Weatherization Council. Such a council and the procedures for its operation is included in S. 1725, Section 1117. We support the inclusion of a similar section in H.R. 6619 with the requiremnt that such a council shall be comprised of at least one-third representatives of the eligible population as identified by community action agencies. The other two-thirds should be comprised according to the language of Section 1117(a)(3)(B) and (C). We feel that a state advisory council with low-income representation would be an important addition to an effective weatherization program.

2. The second area not addressed in H.R. 6619 is the area of personal insulation and the vulnerability of older adults and handicapped individuals to Accidental Hypothermia. We see the critical need to address the problem of insulating individuals as well as their homes in a comprehensive energy services program. In Section 1102, the Statement of Purpose of the Comprehensive Energy Conservation Services Title XI, one purpose is to provide crisis intervention assistance to alleviate the threat to the health and well-being of low income individuals and families and severely handicapped individuals created by a shortage of energy supplies or by severe weather conditions. The bill thus clearly recognizes the possibility of emergency situations. Under Section 1141(a)(1), Establishment of a Crisis Intervention Program, crisis intervention will provide short term assistance and counseling to low-income individuals and families and severely handicapped individuals threatened with severe hardships or danger to health or life from lack of fuel, utility shutoff, or other energy related crisis.

Accidental Hypothermia is a complex medical condition characterized by an abnormally low deep-body (core) temperature. Under conditions of cold stress, when body heat is lost faster than it is produced, the core temperature falls, and accidental hypothermia results. Victims typically suffer a progressive physical and mental deterioration which if uncorrected, results in death. Fully half of all Accidental Hypothermia victims are elderly.

Under the provisions of H.R. 6619 crisis intervention activities (Section 1141 (a)(2)) may include provision of blankets or warm clothing, temporary loan of space heaters, emergency repairs of heating systems, emergency delivery of fuel or firewood, provision of temporary shelter, temporary emergency repairs to housing, mediation with utility companies or fuel suppliers, financial counseling, and similar services which will assist any low-income individual or family in reducing or eliminating any severe hardship or damage to health or life caused by any energy related crisis, including all necessary outreach and program support activities. The need to provide general counseling and counseling about prevention of Accidental Hypothermia as a specific activity under crisis intervention is essential in the language of H.R. 6619. It is one thing to insure the soundness of a house and to provide emergency fuel, etc., but these activities can only reach a certain amount of needy people. Training in Accidental Hypothermia is cost efficient as it can be passed on to other family members and neighbors by the low-income, elderly, and handicapped persons. We must talk about prevention of the ultimate crisis which can often result in death for many of those subjected to even mildly cool temperatures of 60 degrees to 65 degrees F.

Mr. Chairman and Members of the Committee, thank you for letting me testify before your Committee today.

STATEMENT OF ROBERT WHITEHEAD, BOARD MEMBER, NORTH CAROLINA SENIOR CITIZENS FEDERATION, PRESENTED BY RUTH BOONE

Ms. BOONE. Thank you. Mr. Chairman, I am Ruth Boone representing the North Carolina Senior Citizens from Henderson, N.C. I am on the advisory council. I am also employed as a senior citizen director of the CAP agency out of Winston-Salem, N.C. I am going to give you a brief summary of Mr. Whitehead's statement here.

We welcome this opportunity to appear before you this morning on this particular bill. First of all, the federation is happy to see the particular attention and status given to the needs of the elderly in the language throughout the bill. There are several additional references to old persons in the bill that we support.

In the section on State plans and requirements it states that the State weatherization plan shall describe in detail the methods to provide priority to low-income individuals who are also older persons. We support this requirement for the State to put down in writing their efforts to reach the elderly with the program.

In another section on eligibility for participation in weatherization programs, we strongly support the 100 percent of the poverty level for individuals who are 60 years of age and older and for families which have a member who is 60 years of age and older.

In section 1114, "Allotment to State," we support the idea of the three part formula to determine the amount of funds allocated to each State. However, we suggest two changes. First, in the subsection on page 11 we suggest that the line should read "income equal to or lower than 125 percent of the poverty level." Low-income people at this level are currently eligible under Community Services Administration poverty guidelines and we feel that this would enable additional needy people at the near poverty level to benefit from the weatherization program.

Second, in another section on page 12, line 6, the line should read, "are 60 years of age or older with an income to or less than 150 percent of the poverty level which bears to the total number." Since the weatherization program is designed for low-income people, the State allocation formula should be consistent with the eligibility levels for those persons 60 years of age or over as indicated in this particular bill. This change would prevent States with a greater proportion of higher income older people from unfairly receiving an additional amount of funds.

There are some additional areas not presently addressed in H.R. 6619 that we think should be included in the bill. In our role as an advocacy organization for the elderly poor, one important principle we have always stressed is the need to involve the elderly poor not only as clients of programs but also as participants in the process of planning, coordination, and evaluation of the programs serving them and their families.

We would like to advocate carrying this idea of participation in all phases of the program by those served to the next level in the establishment of a State weatherization council. We feel that such a council and the procedures for its operation is included in S. 1725, section 1117. We support the inclusion of a similar section in H.R. 6619 with the requirement that such a council shall be comprised of at least one-third representatives of the eligible population as identified by community action agencies. The other two-thirds should be comprised according to the language of the section and we feel that a State advisory council with low-income representation would be an important addition to an effective weatherization program.

The second area not addressed in H.R. 6619 is the area of personal insulation and the vulnerability of older persons and handicapped individuals to accidental hypothermia. We see the critical need to address the problem of insulating individuals as well as their homes in a comprehensive energy services program.

In section 1102, the "Statement of Purpose of the Comprehensive Energy Services Title XI," one purpose is to provide crisis intervention assistance to alleviate the threat to the health and well-being of low-income individuals and families and severely handicapped individuals created by a shortage of energy supplies or by severe weather conditions.

This bill clearly recognizes the possibility of emergency situations. As you know, accidental hypothermia is a complex medical condition charatcerized by an abnormally low deep-body temperature. Under conditions of cold stress, when body heat is lost faster than it is produced, the core temperature falls, accidental hypothermia results. Victims typically suffer a progressive physical and mental deterioration which if uncorrected results in death. Fully half of all accidental hypothermia victims are elderly.

Under the provision of H.R. 6619 crisis intervention activities may include provisions of blankets or warm clothing, temporary loan of space heaters, emergency repairs of heating systems, emergency delivery of fuel or firewood, provision of temporary shelter, temporary emergency repairs to housing, mediation with utility companies or fuel suppliers, financial counseling, and similar services which will assist any low-income individual or family in reducing or eliminating any severe hardship or damage to health or life caused by any energy related crisis, including all necessary outreach and program support activities.

The need to provide general counseling and counseling about prevention of accidental hypothermia as a specific activity under crisis intervention is essential in the language of H.R. 6619. It is one thing to insure the soundness of a house and to provide emergency fuel, but these activities can only reach a certain amount of needy people. Training in accidental hypothermia is cost efficient as it can be passed on to other family members and neighbors by the low-income, elderly, and handicapped persons.

We must talk about prevention of the ultimate crisis which can often result in death for many of those subjected to even mildly cool temperatures of 60 degrees to 65 degrees Fahrenheit.

Mr. Chairman, we thank you for letting us testify today.

Mr. ANDREWS. Very good. Thank you for some quite good suggestions.

Is Mr. Terry Ward here? Good, come right up here. I believe you are from the National Community Action Agency Executive Directors Association.

[Prepared testimony of W. Terry Ward follows:]

PREPARED TESTIMONY OF W. TERRY WARD, NATIONAL COMMUNITY ACTION AGENCY EXECUTIVE DIRECTORS ASSOCIATION

Mr. Chairman and members of the committee, I am Terry Ward, Executive Director of the Central Kentucky Community Action Council in Lebanon, Kentucky. I am here today on behalf of the National Community Action Executive Directors Association (NCAAEDA) which represents nearly 900 Community Action Agencies across the country. These agencies serve approximately 20 million low- and fixed-income persons annually. As the locally designated delivery system for the federally initiated antipoverty programs, it has been very natural that energy conservation and energy assistance for the poor should be delivered locally by Community Action Agencies.

Let me first commend you, Mr. Chairman, for introducing H.R. 6619, the "Economic Opportunity Amendments of 1979". The production rate of homes weatherized under the DOE program is unacceptable, and the future of the program depends upon reform of administrative constraints prohibiting CAAs from completing more homes. According to DOE data only 240,000 homes have been weatherized between August 1979 and December 1979—considerably short of the goal of 753,000 units to be completed by the end of fiscal year 1979. As of December 1979 only $96 million of the $490.5 million appropriated had been expended. Furthermore, a study done by the New England Regional Commission reveals . . . "that well over 300,000 eligible low-income dwellings in New England are yet to be touched by the weatherization program." They further estimate that most weatherization techniques become ineffective within ten years of their application to a structure. "In the 25 years it would require to complete currently eligible units working at the present rate, over half the then weatherized units would require a complete new weatherization overhaul, and some four-fifths of the affected housing will be 55 years or older."

By far, labor shortages have been the most consistent administrative problem of local operators. CAAs nationwide find CETA provides too few "slots" for weatherization personnel, too little training for the majority of the workers, who are unskilled, too little pay for those workers who are skilled; too brief a work assignment to enable workers to gain either experience or establish an identification with the CAA, the program, or weatherization as a trade. In addition CETA future funding levels are far too uncertain. The Administration's currently proposed drastic cuts in CETA funding serve to emphasize the degree to which this uncertainty exists on both the national and local prime sponsor levels. Included in the special provisions section of this bill is the requirement that if CETA is unavailable a program operator may hire additional labor. The general concern is that non-CETA employees must meet the eligibility requirements of CETA. In many rural areas this may not be possible and the waiver provision would be needed. We suggest that the power of waiver be granted to the local grantee rather than the Director. The New England Community Action Directors Association study also suggests that to ensure the availability of CETA labor a separate allocation within CETA be established for the weatherization program. A provision for contracting work should also be included with a preference to minority contractors.

NCAAEDA's energy committee believes in a comprehensive approach to the energy problems of the poor by the federal government. Currently low-income targetted programs of conservation, energy assistance, consumer education, and application of alternate technologies are housed in several different agencies, but on the local level the CAA's administer these programs. I commend you Mr. Chairman on H.R. 6619's comprehensive approach to low-income energy needs.

As you know, the CSA and its local delivery system have taken the lead in developing low-cost alternate technological solutions to energy problems affecting the poor. Research and development grants in the field of appropriate technology; solar, wind, methane digesters, hydropower and others have been made by CSA throughout the country. Many agencies have used these funds to become proficient in building and installing solar air heaters, solar water heaters, and solar greenhouses. Your bill in Part C authorizes continued development of alternate energy sources, consumer education and research and development.

Perhaps the most urgent need in the field in regard to Part C is consumer education. It is not enough to simply weatherize a home without offering beneficiaries information on replacement and maintenance techniques, infiltration control, thermostat adjustment, burner cleaning, and other tips in saving energy. Consumers, especially the poor, must also have the knowledge needed to deal with fuel suppliers and utility companies in arranging budget payment plans and the like.

However, the $10 million authorization level for Part C is much too low. NCAAEDA proposes an adequate authorization level of at least $100 million for Part C to effectively administer programs in these areas. These expenditures have the same potential for payback as does weatherization, by reducing poor people's energy expenditures.

In addition, I wish to comment on the program support costs in this bill. This bill limits such costs to 15 percent. Because of inflationary increases in the costs of transportation, storage, and tools and equipment, NCAAEDA recommends the support cost allowance be increased to 25 percent. This will be an especially pressing need as expanded weatherization projects are instituted. New crews will be needed to meet the 10 year weatherization goal—and these new crews will require a heavy front-end expenditure for new start-up equipment.

Again, Mr. Chairman, we at NCAAEDA commend you and your staff on introducing H.R. 6619, and thank you for giving us an opportunity to express our concerns. We look forward to operating a comprehensive energy program that will meet the needs of our nation's poor and help spur greater conservation energy.

STATEMENT OF TERRY WARD, NATIONAL COMMUNITY ACTION AGENCY EXECUTIVE DIRECTORS ASSOCIATION, WASHINGTON, D.C.

Mr. WARD. Thank you, Mr. Chairman. My name is Terry Ward. I am the executive director of the Central Kentucky Community Council and am representing today the National Community Action Agency Executive Directors Association, which is the professional membership organization for the nearly 900 community action agencies located throughout the Nation.

I am going to summarize and comment on various portions of the written statement that I have submitted. We commend you, first of all, for the comprehensive nature of the programs expressed in H.R. 6619. It really makes no sense to simply weatherize a home if you do not correspondingly and at the same time educate the occupants of that home about other energy saving techniques that they themselves can rely upon and other appropriate technological installations that can be made to make that home even more energy efficient. So we commend you on the comprehensive nature of this legislation.

We have heard quite a bit this morning about the problems of reliance upon CETA labor. I think it is safe to say that the sentiment of the community action agencies nationally concurs with those sentiments that you have heard earlier this morning.

It has long been my conviction that the legislative purpose of CETA and the legislative purpose of the weatherization programs, while not automatically inconsistent, certainly in practice do not work out in the field.

It has also been my experience that reliance on volunteers is generally not practical. I certainly support the use of volunteers, Older American Act workers and CETA workers when it is appropriate and feasible, but excessive reliance on those sources of labor tend to work to the detriment of the weatherization program.

One of my major concerns with H.R. 6619 is in the area of program support. Relying on the adage that the workman is only as good as his tools, our workers from whatever source will not be effective in weatherizing homes if they are limited by too low an allocation for such items as transportation, storage, equipment, and the like.

Another concern I have is with the eligibility for weatherization for the nonelderly. While recognizing that the poorest of the poor must be served first and always given priority, it is my impression based on a survey that I did of four agencies in Kentucky and one in Georgia last month, that approximately one-fourth of the homes that have been weatherized by those five agencies during the last year were of persons whose incomes were between 100 and 125 percent of poverty.

A slightly larger percentage of the homes currently on the waiting list of those agencies, already approved and waiting for action, are also between 100 and 125 percent. These figures apply to the nonelderly, not to the elderly. The same general proportion also applied to the elderly as to the nonelderly.

Mr. Chairman, I wish to introduce into the record two other items beyond my statement. One is the report of the New England CAP Directors Association which was completed last year. It is a study of their weatherization programs operated primarily under CSA funding. The significance of their findings as it relates to labor, I think, is significant and I would like to comment briefly on it.

They found in New England that the type of weatherization work being done by CAA crews is highly labor intensive simply because of the nature of the work required, that is, repair and stopping of infiltration. I think this underscores the need for skilled, trained, reliable and permanent weather crews, so I will introduce this into the record.

The other document that I wish to submit to you is the position paper of the National Community Action Agency Executive Directors Association entitled, "Toward a Comprehensive Low Income Energy Policy." This document is the result of consensus achieved through two national meetings of community action agencies and refined by the Energy Committee of the Association and adopted by its board last month.

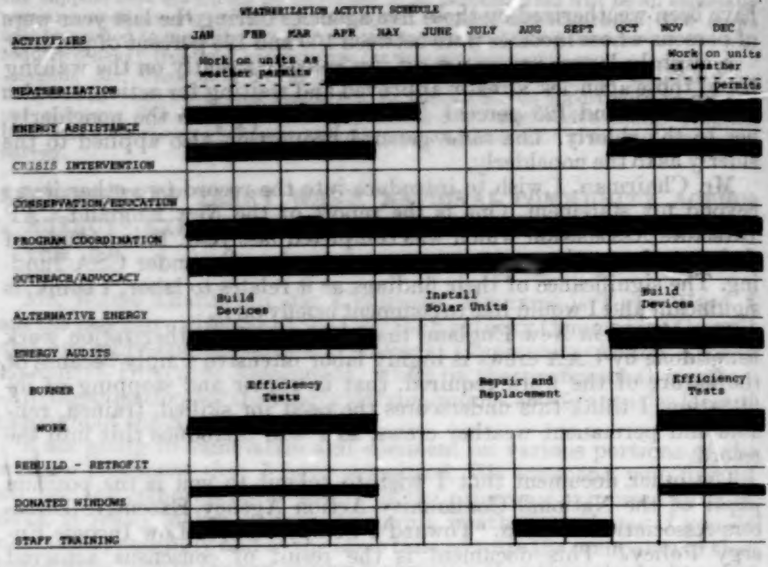
This statement stresses the need for conservation energy as the most cost effective and quickest and most easily achieved way of reaching the national energy goals, particularly for low-income persons. We find that H.R. 6619 is thoroughly consistent with our position paper and we commend you for your introduction of this piece of legislation.

I will attempt to respond to any questions. I would also like to call to your attention the visual we have prepared. The comprehensive nature of this piece of legislation and the comprehensive approach taken by many CAA's indicates that just at the time that weatherization activities are going on several other activities, including energy assistance, crisis intervention, outreach education and appropriate technology, are also going on.

Some of these activities, such as education, go on consistently throughout the year. Based on your climatic factors, weatherization may peak during the warmer months, decline in the colder months, but at the same time other activities would pick up, such as building windows, building retrofitting devices such as solar water heaters and the like.

This kind of integration can be achieved at the local level by a community action agency. It is also imperative that it be achieved at the Federal level by coordinating these services and these programs in a single delivery system.

[Chart referred to follows:]



Mr. Andrews. All right. Very good. Some of the lines on your chart go up to different months. For instance, energy assistance goes up to June 1 and then it is left blank until October. The programs is inoperative for 4 months totally?

Mr. Ward. Assuming that the bulk of the energy assistance is provided to meet heating needs, then as we move into the summer months that activity winds down at the local level. Under the current Federal program, authorization for obligation of those funds to eligible families has to occur before June 30 anyhow.

We introduce this as illustrative of the way the community action agencies in the Northeast, for example, structure their total energy operation. It is not intended to be a description of anything typical for the country as a whole, or even our suggestion for a way to write legislation. It is simply a way that local agencies respond to their needs.

Mr. Andrews. What do you mean by the column "donated windows"?

Mr. Ward. In this situation, I think they were using salvaged materials donated by someone who is rehabing other buildings who donate and make those windows available which could then be used in low-income homes as part of the weatherization program.

Mr. Andrews. All right, Mr. Williams?

Mr. Williams. Mr. Ward, some of the activities described in the bill and outlined on your chart, such as energy assistance and outreach advocacy, will obviously require some full-time administrative people. Are those in addition to the people that are now employed by community action agencies?

Mr. Ward. These would be persons possibly currently employed by community action agencies but funded from other sources than DOE. Many of these persons would be those who could be funded under those activities specified in part C of this legislation. In many cases those activities are shared responsibilities. A single staff person might function not only as outreach but also as education, and might also do some crisis intervention and advocacy.

These things are happening in a minimal way at nearly every community action agency. They could happen in a much more effective way with the passage of part C of this legislation.

Mr. **Williams.** Thank you.

Mr. **Andrews.** Mr. Raley.

Mr. **Raley.** I just wanted to ask one question. You mentioned that at the current time—and please correct me if I misunderstood—about 50 percent of the individuals or families who are currently awaiting weatherization are between the 100- and 125-percent range of poverty?

Mr. **Ward.** No, sir. Of the nonelderly, it is approximately 25 percent of those on the waiting list who have already been approved by the five agencies that I have contacted.

Mr. **Raley.** Twenty-five percent of the nonelderly who are on the waiting list?

Mr. **Ward.** Are between 100 percent and 125 percent of the OMB poverty level.

Mr. **Raley.** You gave another figure as well. There were two of those figures together.

Mr. **Ward.** The other figure was for those whose homes had been completed during the last 4 months. Also, approximately 25 percent of those nonelderly persons were between 100 and 125 percent of the OMB poverty level.

Mr. **Andrews.** Are you saying the other 75 percent are below 100?

Mr. **Ward.** Yes, sir, in the five agencies that I surveyed.

Mr. **Raley.** Could you give us a clue as to how many individuals or families, in whatever terms you would like to describe it, are beneath or at 100 percent of the poverty level? One witness gave us a figure of 6 million households.

Mr. **Ward.** I do not have a feel for what the number is nationally.

Mr. **Raley.** Do you have any idea how many are below 125 percent?

Mr. **Ward.** I think we could determine that and submit it for the record.

Mr. **Raley.** The reason I am asking is that it seems to me that if you are saying currently that a large number of people are not being served and if our goal is to serve those in greatest need, then we can assume that the more people we make eligible above the poverty level, the fewer people below the poverty level will get served?

Mr. **Ward.** I think we could assume that if we retained the same eligibility pattern, that the same pattern of services would persist.

Mr. **Raley.** That is not what I am asking. H.R. 6619 has in it a requirement to make eligibility at 100 percent of the poverty level rather than 85 percent of BLS or 150 or 125 percent of OMB poverty. The goal of that requirement in H.R. 6619 is to make sure that the limited resources we do have are directed more toward those greatest in need.

I am asking you, do you feel that if we raise the level up to 125 percent, making more people eligible, is it safe to assume that fewer of those in greatest need would have their homes weatherized?

Mr. WARD. I would need to look at the actual numbers of those nationally below 100, and those between 100 and 125 percent to adequately answer that. I think that with the current eligibility of 125 percent, it seems to be that the ratio is about three-fourths of those served are below 100 percent and about one-fourth are 100, 125. So I cannot speculate on what might happen.

Mr. ANDREWS. That is rather frightening. We were just doing a little figuring here. Apparently if you weatherized 6 million homes at a cost of, say, around $800 per home, you are talking about a cost considerably in excess of $4 billion. Six hundred and ten million dollars is not going to go far in terms of the needy if those are accurate.

We thank you very kindly.

[Documents referred to follow:]

NEW ENGLAND COMMUNITY ACTION
PROGRAM DIRECTORS ASSOCIATION,
Boston, Mass., February 5, 1979.

To: Persons concerned with energy conservation for the poor.
From: Joseph F. Dee, Jr., Executive Secretary.
Re NECAPDA report on weatherization program.

The New England Community Action Directors Association (NECAPDA) has completed a study and report on the weatherization of low-income homes in New England by Community Action Agencies. A copy of the report, entitled, "Weatherizing New England", is enclosed. We have attempted to take a probing look at a program of importance to low-income consumers and to all persons concerned about conserving energy.

We hope you will take the time to review this report and can make use of our findings in your own work. Comments, suggestions, and requests for additional copies should be forwarded to NECAPDA at the address above, or to George Sterzinger at the New England Regional Energy Project, P.O. Box 514, Burlington, Vt. 05401.

WEATHERIZING NEW ENGLAND

An examination of energy conservation needs in low-income communities in New England, how those needs have been addressed through the publicity-funded weatherization activities of Community Action Agencies, and suggested modifications of energy conservation policies to allow for the achievement of realistic objectives.

This report has been prepared by the New England Community Action Program Directors Association for the Low-Income Caucus of the New England Energy Congress. It is based on a survey designed by Frank Lucibella and Jonathan Bockian. The survey results were compiled and analyzed, and the report was written, by Jonathan Bockian.

PREFACE

The New England Community Action Program Directors Association (NECAPDA) has conducted a study of energy conservation programs operated by Community Action Agencies (CAAs) in the New England Region, for the purpose of obtaining a picture of what the energy programs are accomplishing for the poor and how these programs could be improved to better serve low-income residents of New England while reducing energy use not otherwise under their control. The study was undertaken in an effort to provide background data for the low-income representatives participating in the New England Energy Congress. This data is to be used in the preparation and analysis of policy recommendations which the Energy Congress will make to the New England Congressional Caucus.

The primary subject of the study is energy conservation in low-income residences through weatherization, a process which involves reducing heat loss caused by the infiltration of cold air into the dwelling or the conduction of heat from the dwelling to the outside. The energy conservation programs of CAAs include, in addition to weatherization, the adjustment of heating systems for increased efficiency and alternate energy source development. This study did not include the emergency fuel assistance programs operated by CAAs. The energy conservation programs are funded by several government sources including the Community Services Administration (CSA), the Department of Energy (DOE), the Comprehensive Training and Employment Act (CETA) administered by the Department of Labor (DOL), State appropriations, federal Community Development Block Grants (CDBG) to municipalities, and other agencies and resources, foremost among them being the New England Regional Commission (NERCOM). At the time of the NECAPDA study DOE had not yet assumed primary funding responsibilities for weatherization materials, although the federal decision to make this shift from CSA had already been made.

The study was conducted by surveying a representative sample of 22 percent of the CAAs in New England to elicit both statistical and descriptive information. The sample consisted of fifteen CAAs selected from within three density categories: six operating in large urban areas, three in small urban areas, and six in rural areas. All six states in the New England region are represented. Subjects covered by the survey were: (1) housing stock and weatherization results, (2) program management and administration (local), and (3) federal program administration.

Summary of Major Findings and Conclusions

The findings and conclusions of the NECAPDA study are based on a survey of a representative sample of energy conservation programs operated by Community Action Agencies in New England. The results of our study highlight the accomplishments of current weatherization programs and the often severe difficulties created by Federal policy. The fundamental conclusion to be drawn from this research is that the low-income weatherization program vitally needs a re-examination and reform of Federal policy, law, and regulations if it is to properly serve low-income energy consumers and the national interest in energy conservation.

Major findings and conclusions include:

Homes weatherized by CAAs require major weatherization work and stand to benefit from such work in dramatic dollar and fuel savings. Over 80 percent of homes weatherized by CAA programs were built before 1950, and 90 percent need significant repairs in addition to weatherization. Twenty-four percent (24 percent) of the units are occupied by elderly consumers; 86 percent are occupied by persons in families with income below the Federal poverty level—despite statutory permission to serve persons with income as high as 125 percent of the poverty level. Almost 90 percent of the weatherized units are owner-occupied.

The most severe problem facing the CAA weatherization effort is the degree to which it must rely on CETA for labor. This reliance has had the same counter-productive effect as could be easily foreseen were it proposed that any other energy program in the "moral equivalent of war"—such as building the Alaska Pipeline—be conducted by CETA labor. In addition, even long term employment opportunities for the poor suffer because of the enforced connection of weatherization with CETA. The recent shift of weatherization funding responsibility to DOE can be expected to highlight the shortcomings of CETA, which include great difficulty in recruiting adequately skilled labor, the lack of training programs to upgrade unskilled workers, extremely high unemployment rates among CETA workers whose CETA employment has ended, the brevity of the individual worker's CETA assignment, and the institutionalized instability of CETA funding. This last problem is most recently exemplified by currently proposed drastic CETA budget cuts. Findings suggest that the Secretarial level inter-agency agreement (between DOL, DOE, and CSA) for CETA provision of weatherization workers will not solve these problems and that it would be more productive to examine revising the CETA statute or providing more Federal support for existing alternative labor sources.

New England faces a housing crisis of staggering proportions which will have a profound impact on energy conservation and the lives of the poor. At the current rate of weatherization work there will never be a completion of all remaining eligible dwelling units in New England: the efficiency of weatherization materials already installed will decrease to zero before half of the remaining housing stock is weatherized, and the age and lack of replacement of poor people's housing will make the current level of weatherization per unit insufficient and inefficient in the near future. A concerted Federal housing rehabilitation program for the poor is required, combined at the local level with weatherization, if low-income consumers are to successfully out-race the deterioration of their homes.

The growth and expansion of the weatherization program is linked to its economic development and job creation potential, and limited by restrictions on this potential. Economic development based on weatherization by CAAs, their affiliates, or persons who have worked in CAA programs, is undercut by the lack of Federal commitment overall to stimulate the conservation industry, and regulatory and funding restrictions on CAAs regarding economic development programs. Improvements in Federal policy in both these areas would benefit both the energy and employment goals of weatherization.

CAA's lack of funding for the legal back-up necessary to operate a weatherization program for rental housing hampers the weatherization of such units, which is already below appropriate levels due primarily to the inefficiency of weatherizing fewer than all the units of multi-unit buildings. The legal problem compounds the architectural one and inhibits work even in single family rental units.

SURVEY FINDINGS

I. Housing Stock and Weatherization Results

A. Housing Stock Characteristics

With respect to weatherization activity, the survey focused primarily on housing units weatherized under DOE grants during June and July, 1978, in order to achieve maximum uniformity of the data base and of standards of measurement throughout the sample. DOE-funded weatherizations were selected to make use of federally required records maintained for these units as specified in the DOE "Project Retro-Tech Home Weatherization Manual." All DOE grantees must maintain these records. The following information thus is based on a carefully documented sample and is representative of, but does not include, all CAA weatherization activity, which would be of an enormously greater magnitude.

A total of three hundred and thirty-three housing units were weatherized by respondents during the survey period. Ninety-three percent of units surveyed were occupied by persons or families with income below 125 percent of the Federal poverty level. Twenty-four percent of the heads of household were age 65 or older.

The units weatherized were largely—85 percent—in single unit structures, while 9 percent were in two-unit buildings, 4 percent were in three-unit buildings, and only 2 percent were in buildings of four or more units. Tenants occupied 11 percent of the units and owner-occupants accounted for the remaining 89 percent.

Geographically, single-unit dwellings were more likely to make up the weatherized housing stock in the three northern tier states than was the case in the southern tier, at 94 percent and 76 percent, respectively. Owner occupants were likewise more common in the north, comprising 95 percent of unit occupants as compared to 81 percent in the southern three states. Northern CAAs had a higher percent of unit occupants below the poverty level, at 97 percent, as compared to 69 percent for southern CAAs.

The density of the CAA service area was generally related to unit and occupant characteristics, in a manner paralleling geography, as the urban CAAs in the sample tended to be in southern tier states. The density-related differences appeared smaller than the geographic ones, however. Dwellings were more likely to be single-unit, and occupied by owners with a poverty-level income, as the sample shifts from large urban to rural. The most significant difference was in the age of occupants, with only 17 percent of rural occupants being elderly, while large and small urban unit occupants were reported at 28 percent and 32 percent elderly, respectively.

Table 1 presents these findings, below.

Weatherized units were typically located in old structures, 80 percent of the units having been built before 1950, and two-thirds having been built before 1940, 40 years ago or longer. In large urban areas conditions are notably worse, with almost three-quarters of the weatherized housing constructed before 1940 and 85 percent constructed before 1950. Ninety percent of the units are in need of significant repairs.

TABLE 1.—CHARACTERISTICS OF WEATHERIZED UNITS AND OCCUPANTS

Characteristics	Total	Large urban	Small urban	Rural	North	South
	Percent of—					
Income below poverty	86	67	100	96	97	69
Elderly	24	28	32	17	27	29
Single-unit dwelling	85	76	84	93	94	76
Owner occupied	89	82	95	93	95	81
Built prior to 1950	80	85	77	78	81	79
Oil space heat	74	76	85	70	73	76
Gas space heat	13	23	4	9	7	22
Wood space heat	9	0	9	16	14	0
In need of significant repairs	90	84	95	97	94	90

Space heating in weatherized units is most commonly fueled by oil—74 percent—but a significant role is played by wood, 9 percent, and gas, 13 percent. In addition, 3 percent of units rely on electricity for heat and 1 percent use miscellaneous other sources, including coal. The most significant variations from this pattern were that wood is relied upon in 16 percent of the weatherized homes in northern New England states and gas use is 22 percent in the urbanized southern states.

B. Weatherization Techniques

Standard weatherization techniques fall into two basic categories: reducing heat loss by preventing the infiltration of cold air, and reducing loss by preventing conduction of heat through building surfaces. The DOE Manual specifies four different anti-infiltration techniques—caulking and weather stripping of doors and windows—and eleven anti-conduction techniques—ranging from replacement of broken window panes to installing storm windows to insulating attics, walls, and floors. Weatherization literature stresses the need to reduce infiltration prior to applying anti-conduction techniques for the latter to be effective.

CAA weatherization programs use all fifteen techniques, with most CAAs surveyed employing at least ten of them. A ranking of techniques by frequency of use showed three anti-infiltration techniques to lead the list: weatherstripping doors, caulking window frames, and caulking door frames. The combined four available anti-infiltration techniques accounted for one-third of the fuel savings reported. Of anti-conduction techniques, installing storm windows, insulating ceilings, and replacing broken window panes led the list. The least commonly employed techniques, though one which was used at two-thirds of the CAAs sampled, was refitting doors.

C. Conservation Benefits from Weatherization

The actual savings resulting from these operations are difficult to measure with certainty. Only a careful comparison of actual fuel bills before and after weatherization, with interior temperature held constant and calculations adjusted for variations in the weather during the pre- and post-weatherization winters could give a completely accurate figure. In lieu of such a procedure, the NECAPDA study asked CAAs to report heat savings calculated according to the established DOE methods described in the Project Retro-Tech Manual. This method, developed at the University of Maine, attempts to provide uniform standard measures that can be applied to individual housing conditions. Factors involved in these standard measures include a house draft index of air changes per hour, surface exposure factors, floor area, ceiling height, total cubic footage of air, R value of insulation materials (when used), and district heating factors based on degree days.

The assumptions used in creating a method of calculating heat savings included: (1) that weatherization work is properly performed, using the best possible materials, and (2) that all spaces within the dwelling were heated to pre-energy crisis standards of comfort before and after weatherization. In addition to the change in what is considered the standard of heating comfort that has resulted from the energy crisis of the early 1970's, these assumptions were probably never equally applicable to both poor and non-poor consumers. The labor and funding conditions described elsewhere in this report make any assumption about optimal materials optimally installed at least as unrealistic, when applied to low-income weatherization, as assuming the same about any construction work. It should be noted that the Retro-Tech Manual is being revised by DOE and its authors are very aware of its limitations. Nevertheless, despite all the shortcomings of the DOE method, it is the best and most widely used available measurement, and it does provide a rough sense of how much a structure could benefit from weatherization and what kind of weatherization work will probably yield the greatest savings. The measure resulting from the DOE calculations—a heating unit— is designed to be the equivalent of the heat produced by one gallon of home heating oil, or of various functions of standard units of other fuels.

Using the DOE specifications, based on actual CAA reports, weatherized homes throughout New England stood to benefit from weatherization an average of over $400 in fuel savings in the first year after weatherization. The potential ten year savings to the consumer is over $2500*. In terms of decreased dependence on oil, the average savings per unit would be over 800 gallons of oil in the first year, and over 6,000 gallons in ten years.

II. Program Management and Administration

A. Funding, by Program and Source

Total annualized funding to the sampled New England CAAs for energy conservation activities amounted to $4,227,000 during the most recent reported program year. Of this total, approximately $3,321,000 was granted for heat loss prevention programs, and $956,000 for heating system adjustment, alternative energy, and other miscellenaeous programs. These funds were derived from a combination of federal, state, and local sources, as shown in table 2, below.

TABLE 2.—ENERGY CONSERVATION PROGRAM FUNDING SOURCES

	Percent of CAA's receiving funds for—			
Source	Heat loss prevention	Heating system adjustment	Alternate energy	Other
CSA	100	40	33	27
DOE	93	13	0	6
CETA	86	6	6	20
State	40	0	6	13
CDBG	13	6	13	6
Other	60	6	0	6

While heat loss prevention programs funded by CSA, DOE, and CETA constitute the largest and most commonly funded activities, they by no means represent the total CAA energy conservation effort. Further, the transfer of weatherization funding from CSA to DOE will neither remove CSA from the CAA energy conservation sphere nor make DOE the sole source of CAA energy conservation funding. No program activity was restricted to any one type of CAA, although small urban CAAs generally had no energy conservation grants other than heat loss prevention. With this exception, almost every conceivable combination of program type, funding source, and CAA type could be found in the sample.

B. CAA Budgeting By Function

The fragmentation of funding sources as well as legislative and regulatory restrictions limit the purposes or functions to which grants may be applied by the grantee agency. Respondents were asked to describe the current, actual allocation of weatherization program grant funds within their weatherization program, and to state what their preferred allocation would be if grantor restrictions were to be removed. Responses showed that, currently, 86 percent of funds are allocated to functions other than management (i.e., administration and supervision); 40 percent are required for non-supervisory labor, and another 40 percent for materials. This latter figure is particularly significant in light of the DOE policy to allocate 90 percent of weatherization funds for materials. (DOE regulations at the time of the survey attempted to enforce this policy more rigidly than do the current DOE regulations.) When personnel costs are taken out of the picture, however, materials receive 90 percent of the remaining funding.

---

* Based on an average 10 year life expectancy for weatherization materials (NERCOM), an inflation rate of 6 percent yearly, and no extra-inflationary oil price increases (e.g., due to deregulation or OPEC action).

In a related but separate question, CAAs stated their annualized grant awards for weatherization personnel. This totaled $1,628,000 for the sample, or 49 percent of total heat loss prevention funds. It is most likely that the difference between this percentage and that reported for non-supervisory labor (40 percent) represents the allocation to supervisory labor, 9 percent. This 9 percent allocation for supervisory labor leaves only approximately 4 percent remaining (of the 13.4 percent currently allocated for the management category) for administration. (See Table 3, below.)

As to future preferences, respondents would prefer to shift funds from materials and non-supervisory labor into outreach, crew transportation, equipment, and management, as shown in Table 3. Comments related to subsequent questions suggest that CAAs are dissatisfied with restriction on the amount they may now budget for management (administration and supervision) and that the bulk of any allowed increase in this area would go primarily to supervision rather than to administration.

TABLE 3.—WEATHERIZATION FUNDING ALLOCATION WITHIN CAA'S BY FUNCTION

[In percent]

Function	Allocation	
	Actual	Preferred
Management (administrative and supervisory)	13.4	17
Nonsupervisory labor	39.8	35
Materials	39.6	36.9
Equipment	2	3
Transportation of crews	3	4.8
Outreach	.1	.8
Other	1.6	1.8

C. Employment and Weatherization

The 49 percent of weatherization program funding granted for personnel comes from a variety of sources. CETA accounts for only 54 percent of these funds, although 86 percent of CAAs sampled received some CETA funding. The next most prominent source of labor funding is CSA, which provides some amount of weatherization labor funding for 100 percent of the sample, while supplying 20 percent of the total labor funds. The sources of weatherization personnel funding and the percent of CAAs funded by each source are shown Table 4, below. The source most frequently named in the "Other" category (7 percent of funding) was the New England Regional Commission. Strikingly, while CETA is the primary current source of labor funding it is clearly the least preferred source for these funds. When asked to state their preferences, 80 percent of CAAs stated that CSA would be their first choice as a source of funds for supervisory labor, and 50 percent most preferred CSA to fund non-supervisory labor. CETA would never be chosen by a CAA which had its choice of sources for supervisory labor, and only 20 percent of CAAs would choose CETA to fund non-supervisory labor.

TABLE 4.—SOURCES OF CAA WEATHERIZATION PERSONNEL FUNDING BY SOURCE AND SCOPE

Source	Percent of—	
	Total weatherization personnel funding	CAA's funded
CSA	20	100
DOE	7.4	20
CETA	53.5	86
State	7.9	33
CDBG	2.9	13
Other	7.2	33

CAA weatherization crews consist of supervisors and nonsupervisory labor including unskilled, semi-skilled, and skilled workers. CAAs were asked to report which skills were hardest to recruit, and why. The skills most frequently named as hard to find are carpentry, construction skills, and supervision. The overwhelming response as to the cause of this difficulty was the combination of CETA regulations and inadequate wage levels. Some of the comments include, "CETA regulations", "Poor administration by CETA, low CETA wages", "Lack of training programs in this field", "The pay is not high enough", CETA eligibility requirements and undependability of CETA funding".

While labor proved difficult to recruit through the CETA system, CAAs also report that persons at the end of their 12 or 18 month CETA weatherization assignment experienced great difficulty finding new employment, even in similar work. The unemployment rate for former CETA weatherization workers averaged 43 percent, with some CAAs reporting a rate as high as 80 percent. Subsequent employment in similar work averaged 29 percent, and subsequent employment in work not similar to the tasks performed in weatherization averaged 28 percent. The ability of a CETA weatherization worker to find work did not vary much from cities to rural areas, but the type of employment they found did vary. In large urban areas, where employment averaged slightly better than in the region as a whole, subsequent employment was on the average far more likely to be in work similar to weatherization. In small urban areas, this was the case to a lesser degree. In northern rural areas subsequent work was much less likely to be similar to weatherization. Those CAAs which offered an explanation of the high unemployment rate generally regarded CETA administration as a primary cause. One CAA commented, "We are not funded to support or train CETA personnel adequately," consequently the low placement percentage." Another CAA focused on the job market saying, "CETA administrations have seriously neglected their job development responsibilities."

D. Job Creation and Economic Development

Both the DOE and DOL participation in weatherization programs—which CAAs attempt to gear, as much as possible, to improving low-income dwellings and hiring the structurally unemployed—are viewed by those departments as part of broader policies; to conserve energy nationwide (DOE), and to increase overall employment (DOL). The NECAPDA survey thus attempted to have CAAs report on the potential broader context of low-income weatherization, particularly as to whether and how energy conservation would lead to on-going economic development opportunities for the poor.

While almost all CAAs responded that there is positive potential in both areas, the majority also reported that there exist substantial current obstacles to realization of this potential, particularly as to the more short term goal of employment opportunity. The obstacles cited most frequently included the lack of training for personnel, the temporary and brief nature of CETA employment, the instability of funding, and the overall lack of funding. Some sample comments on the job creation potential of the weatherization program: "Yes, if you could give time to training", "By funding labor directly and with continuity", "Yes, if we could get qualified . . . . trainers", "Under a program other than CETA". The more optimistic comments generally looked to an overall increase in energy conservation activity throughout the economy, including the public sector. Sample comments: "Dollar-saving energy conservation efforts will become a more catchy idea in the next few years", "Retro-fit of public buildings, and development and implementation of alternative energy sources (will create jobs)".

Long-term economic development, in the view of most CAAs, depends on individual low-income persons, trained in the CAA weatherization program, starting their own businesses using labor intensive conservation techniques. The negative comments in this area focused on the lack of funding for new programs, and the question of the feasibility of low-income people starting manufacturing facilities for energy conservation materials.

III. Federal Program Administration

A. CETA

The NECAPDA study attempted to get a picture of federal program administration based both on regulations and actual field operations. In this regard, CAAs were asked to report on their experience with implementors of federal programs (i.e., regional offices, prime sponsors, state agency grantees, etc.), under regulations and reporting requirements established in Washington. In the case of CETA, they were asked to comment on the adequacy of local performance in several categories.

Responses concerning CETA offered the most complete picture. As to whether prime sponsors should be afforded more or less flexibility in the issuance of regulations and guidelines for CETA, 14 percent wanted no local flexibility, 14 percent wanted less than current flexibility, 7 percent found current flexibility satisfactory, and 64 percent would prefer increased local prime sponsor flexibility. The meaning of this response is amplified by locational variations among CAAs and by CAA comments, which give a definite interpretation to the overall response. It is rural and small urban CAAs which most prefer local flexibility, which they view as necessary to accommodate local conditions: 87½ percent of rural and small urban CAAs favor current or increased prime sponsor flexibility, and 12½ percent would favor no local flexibility. Among large urban CAAs, only 50 percent favor current or increased flexibility, while 50 percent favor decreased or no flexibility. The comments in this regard are particularly illuminating. Among rural CAAs: "Need local decision power in order to adjust to rural setting" and this lengthier comment worth quoting in full.

"Our first response is to hope that the federal bureaucracies would take information and guidance from the local level in establishing overall guidelines. That is why we ask for more flexibility. The realities of the bureaucracy and the political relations between CAAs and the bureaucracy would indicate another answer, and that is that the federal guidelines should be less flexible. By this we would be asking the Congress that—once they establish a working agreement among DOL, CSA, DOE—their programs should complement each other in a way that they do not give local governors or county commissioners the power to thwart their will because the local officials do not like CAAs or other local agencies . . . (We) have read the national (inter-agency) working agreements and we do not have sufficient CETA personnel to staff our programs. We have lots of materials and little staff to install that material."

Among large urban CAAs, the typical comment was, "DOL should require prime sponsors and states to set aside weatherization and crisis intervention slots."

Prime sponsor performance was rated as to adequacy or inadequacy in thirteen categories, and again results and comments were mixed. Overall, CETA Prime Sponsors' performance was rated adequate by only 53 percent of CAAs. Areas in which CETA received most adequate ratings include affirmative action, hiring of long-term unemployed, unskilled and young persons, and monitoring. CETA was rated inadequate by a majority of CAAs in the areas of training (63 percent inadequate) and administrative support (53 percent).

In commenting on prime sponsors' performance, most CAAs qualified their ratings negatively, with comments such as "CETA is a woefully inadequate answer to labor for energy conservation programming." The impression is left that while Prime Sponsors' performance is deemed marginally adequate by most CAAs, it is CETA itself that creates most dissatisfaction among weatherization program operators, as indicated by these comments: ". . . In the long run, it is not an adequate marriage. Specifically, (1) funding is always uncertain, (2) the objectives of production (DOE) and training (CETA) although not incompatable are often at odds, (3) the expectations or attitudes associated with a short-lived CETA job are not always the best", and "If we had the money to fund our weatherization workers with something other than CETA, we sure as hell would."

CETA also came in for criticism as to duplicative reporting requirements. In the respondents' words, "The CETA process governing submission of program proposals is needlessly duplicative; (the same information) must be submitted in each proposal, even though the agency is submitting several proposals" and, "CSA paid supervisors administer CETA-required extensive paperwork."

CETA's unreliability as a labor source was repeatedly criticized, e.g., "(we), like most CAPs in (a northern state), find it extremely difficult to obtain CETA employees for the DOE winterization program. Until DOL, CSA, and DOE, under the direction of the White House, seriously address the manpower shortage of CAPs and agree on some sort of guarantee quota system, the problem will persist and the intent of DOE legislation will be jeopardized."

B. DOE

Local agencies funded by DOE were thought to need more flexibility by 100 percent of CAAs. The one direct comment on DOE-funded local agency flexibility was, "Current strict regulations hinder efforts." More comments were forthcoming, however, when CAAs were asked to report more generally on DOE regulations and reporting requirements. The unanimous criticism of DOE was that the limitation on expenditures for repairs to housing units were far too low. The most comprehensive criticism of DOE covered areas mentioned by more than one CAA and listed the following problems: "DOE's excessive administrative requirements in reporting, their requiring documentation of eligibility for materials purchased with DOE money, DOE's low limitation on expenditures for home repairs, DOE's limitation to 100 percent of CSA guidelines, DOE's lack of funding for personnel, and DOE's lack of responsiveness in general." It should be noted that regulations now in effect, but not operational at the time of this survey, increase the eligibility limit for program recipients and allow greater expenditures on home repairs.

C. CSA

Comment on CSA's program administration was negligible. This reflects high satisfaction with current levels of local flexibility under CSA: 64 percent of CAAs reported satisfaction with current flexibility levels. The intended phasing out of CSA as the prime non-labor weatherization funding source by the federal administration also may have tended to render this issue moot. One comment regarding CSA called for improved coordination between CSA and other funding agencies as to reporting cycles.

D. Specific regulations:

The NECAPDA study sought information regarding CAA experience with a number of specific regulations that have been the subjects of recent public debate.

As to consumer eligibility for energy conservation services, 73 percent of CAAs responded that the income levels ought to be increased, and 150 percent of the federal poverty level was the most often cited alternative eligibility level for no-cost services. Some CAAs would restrict services to persons at this income level who are elderly, or handicapped. A majority of CAAs favor instituting a sliding fee scale for persons above the eligibility limit, and a majority of these favored full or amost full payment by the consumer at income levels above twice the poverty level. This question was predicated on the assumption that federal subsidy levels would be increased in proportion to any increase in the eligibility level.

Respondents felt that program-generated income, which cannot now be retained by CETA-funded CAAs, should be applied to CAA weatherization programs, were this restriction to be lifted. CAAs differed as to which aspect of their programs should receive priority of access to these funds. In the view of CAAs, regulations on the use of these funds would be appropriate only as to consumer eligibility or administrative overhead.

Regulations governing the weatherization of rental units should require contracts with landlords specifying no evictions and no rent increase, in the view of 67 percent of CAAs. These regulations are designed to prevent unjust enrichment of the landlord or enhancement of the property. CAAs generally disapproved making rent reductions in proportion to heating reductions a requirement, with 86 percent of CAAs reporting that this type of agreement should be allowed, but not required, by regulations. It should be noted that a technical problem arises when not all units of a multi-unit rental building are occupied by persons eigible for CAA services: leaving the ineligible units untreated makes the weatherization work that is done far less efficient, but weatherizing the entire building would violate current federal regulations regarding eligibility.

Weatherization materials ought to be specified by regulations, in the opinion of 60 percent of CAAs, but several of these volunteered the comment that in opting for such regulations they were seeking minimum specifications or standards, rather than simple limits as to the type of item they could purchase. CAAs were evenly split on their opinion as to wether regulations should encourage stockpiling of materials, and a clear 70-percent majority of CAAs saw no need for regulations to encourage cooperative purchasing of materials by weatherization grantees.

CONCLUSIONS

I. Housing Stock and Weatherization Results

The most striking characteristic of poor people's housing revealed in this study is its age. Although New England prides itself on the historic charm of many old town and village centers, there is doubtless very little that is charming about the habitability of the low-income housing stock. With 80 percent of the weatherized units built at least 30 years ago, it is not surprising that 90 percent of the units need significant repairs or that all need weatherization work. In this light, it is almost certain that weatherization is only a small portion of the rehabilitation work needed to make these units not only energy-efficient but habitable. The national policies which have allowed the expansion of weatherization activity in the past five years have been based primarily on energy and employment goals. Housing goals, per se, have been in the background. The old age of most low-income housing, however, shows the need to coordinate housing policy with energy policy if a lasting improvement in energy-efficiency is to be achieved. The current and projected rates of new construction starts and costs, when viewed in terms of this study's results, point to a looming housing crisis which will have a profound effect on New England's fuel consumption and make the current efficiency of the housing stock seem ideal by comparison. The New England Regional Commission estimates that well over 300,000 eligible low-income dwellings are yet to be touched by the weatherization program. They further estimate that most weatherization techniques become ineffective within ten years of their application to a structure. In the 25 years it would require to complete currently eligible units working at the present rate, over half the then weatherized units would require a complete new weatherization overhaul, and some four-fifths of the affected housing will be 55 years or older.

Aside from the slow—and expected slower—rate at which old housing is being replaced, new housing is simply out of the financial reach of poor people, even as renters. The net result will be that poor people's housing will become increasingly scarce, decreasingly habitable, and ever less energy efficient. It seems short-sighted to expect that caulking windows, or even using the $100 per unit available for repairs, can significantly prevent the oncoming deterioration of the housing stock. If for no reason other than energy efficiency, these facts point to the need to immediately coordinate housing policy with energy policy and to undertake a major low-income housing rehabilitation effort in New England. At a minimum, current HUD rehabilitation programs must be coordinated with the weatherization program to make the affected housing sound and habitable by using a "whole dwelling" approach, and to aim at those most in need, based on income and housing condition.

The federal failure to date to effectively coordinate labor and energy policies through centrally made and promulgated agreements suggests that the only way meaningful coordination of housing, employment, and energy policy will occur is if it is allowed to occur at the operational, CAA level in a multi-service approach.

As to the characterization of occupants of weatherized housing, it appears that CAAs are appropriately targeting their conservation work to the poor, and appear to have established an informal priority for the elderly poor, at least in some areas. The primary divergence of the CAA effort from the general nature of the low-income population is in the continued over-representation of home owners among weatherization consumers. This situation parallels the case as to type of structures being weatherized, with an over-representation of single unit structures. The 70 percent rate of single unit dwellings among large urban CAAs reinforces the conclusion of previous studies that CAAs prefer the single consumer dwelling in which standard weatherization techniques are not complicated by the inefficiencies or regulatory difficulties created by the multi-unit buildings, as noted above. Nevertheless, CAAs in large urban areas weatherized more multifamily units (24 percent) than rental units (18 percent). This result suggests that the legal status of ownership is a non-architectural technical obstacle which is holding back CAA weatherization of tenant-occupied structures. This subject is dealt with further and conclusions are suggested below, under "Federal Program Administration".

The type of weatherization work being done by CAA crews reinforces the view that energy conservation work is highly labor intensive and reliant on an adequate labor supply. Although all weatherization work is relatively labor intensive—in terms both of costs and labors-hours needed to effectuate a savings—CAAs most frequently employed those techniques which are the most labor intensive among weatherization techniques. This again reflects the condition of poor peoples' housing, in that most units require repairs and anti-infiltration work before anti-conduction techniques could be effective. The anti-conduction techniques generally use more expensive materials than the anti-infiltration ones. This finding suggests that the Federal government's emphasis on materials, and and the restrictions aimed at limiting the use of available funding to the materials category as much as possible, is misplaced. The result has been that materials sit idle while awaiting adequate labor.

II. Program Management and Administration

A. Administration

The findings which emerge most strikingly from the section of the NECAPDA study regarding CAA administration of the weatherization program relate to the per cent of total program funding available for and allotted to administration, supervisory labor, and non-supervisory labor, as compared to total funding and as compared to each other. A personnel allocation of 49 percent for a labor extensive operation such as weatherization must be judged remarkably low by anyone familiar with service industries, and one which would threaten the primary service mission of the enterprise. Similarly, an effective budgeting rate of 4 percent for administration suggests that CAAs are operating the weatherization program on an extremely thin management base, to a degree which should be of concern to Federal officials responsible for the continuing health of the weatherization effort. The CAAs indicated awareness of this problem. They also indicated, however, great concern over their on-site management capability, in the person of the crew chiefs and supervisors. The approximately 9 percent of funding apparently allotted to supervisory labor is evidently proving to be inadequate to attract qualified personnel, based on comments gathered in the course of the study. The reported skill levels of CETA crew personnel, combined with the lack of preoperations training in weatherization, point to a need for more intensive and direct supervision than that which would be required by a more seasoned, stable work force.

While CETA proved to be the most heavily relied upon source for weatherization personnel, findings showed that at the time of the NECAPDA study CAAs had developed some significant alternatives to CETA fundings. Fourteen percent (14%) of the CAAs had no reliance whatever on CETA. Clearly the weatherization effort to date could not have been accomplished had CETA been the only source of weatherization personnel, because CETA supplied only 53 percent of the funding for personnel. This finding is extremely significant in light of the divestiture of weatherization programming from CSA. CAAs in New England have had a major reliance on non-CETA personnel funds and have particularly relied on such funding to make up for shortcomings of CETA. Were all former CSA personnel funding to be taken up by DOE, that agency would become the source of over 27 percent of personnel funding, a source second only to CETA. This highlights the important role DOE now plays in the weatherization personnel area beyond being an energy conservation advocate toward the Department of Labor. These findings also suggest that policy makers have alternative models and existing alternative funding conduits worth examining as they study labor problems associated with the weatherization program. The experience of CAAs in this regard has led them to find either CSA or DOE more suitable models for personnel funding than CETA has been. The difficulties associated with CETA funding are examined further, below.

At the time of this study, new DOE regulation implementing the National Energy Conservation Policy Act had not yet been promulgated. CAA responses regarding flexibility to budget certain percentages of funding for transportation and equipment appear to have been at least recognized by section 440.16 of the new DOE regulations, which allows greater flexibility within a set per cent (30 percent) of the overall "materials" category for budgeting for transportation and equipment, among other items. The requirement that money for supervisory labor also be allotted from within this flexibility range, however, may reduce the benefits of the new regulation.

B. Labor

The combination of findings showing that certain types of skilled labor are hard for CAAs to recruit at the same time that employment in work similar to weatherization outside CAAs is hard for weatherization workers to find is initially confusing. A depressed labor market would ordinarily lead one to expect an adequate supply of weatherization workers. An explanation of this situation appears to be grounded in the constraints which reliance on CETA places on CAA recruitment, as well as a classic operation of market forces which has caused supply to diminish in anticipation of continued lack of demand.

As noted, CAAs are having difficulty recruiting skilled workers in construction related fields, particularly carpenters and supervisors. The CAAs' comments reveal that this is caused primarily by their reliance on CETA, in that there are relatively few experienced carpenters and crew chiefs in the CETA labor pool, and those that are present are not attracted by the low salaries available in the weatherization program. The perception of the CAAs is that the persons available to them are the less experienced and the less skilled. Indeed, CETA is rated highly by the CAAs for its performance in hiring the unskilled. The shortfalls created by these CETA limitations are not compensated for by an adequate training system. CAAs' ability to circumvent these problems is also limited by the relatively low level of funding for accounts other than materials, i.e., supervisors, provided by DOE. CSA funds were more flexible in this regard, no doubt explaining CAAs' overwhelming preference for CSA as their source of supervisory labor. Again, this option is not likely to be open to them under the DOE assumption of weatherization programming from CSA unless a future round of amendments to the Energy Act increase DOE's role in the personnel area.

On the other side of the labor equation, findings showed that workers who were employed bya CETA-sponsored CAA weatherization program had great difficulty finding similar work after their 12 or 18 month CETA sponsorship had ended. The private sector weatherization market is as yet insufficiently developed to absorb these workers, particularly in northern rural areas. This fact makes entering the weatherization field a not very attractive opportunity for a young person who may be unskilled and who wants to gain experience in a type of work in which he or she hopes to find on-going employment. While CETA proponents might regard the average placement rate (57 percent) as a considerable improvement over the 100-percent unemployment rate that must have existed among CETA eligibles immediately prior to their weatherization jobs, the low placement rate in work similar to weatherization (29 percent) suggests that CETA weatherization employment has not directly or in some special way affected the post-CETA employment prospects. The CETA involvement in the enery conservation field is largely predicated on the notion that, in addition to the brief employment a CAA assignment affords, the experience gained in that assignment will lead to long-term employment. This is not happening, and it serves to compound the trouble CAAs have in hiring workers who will take their weatherization job seriously.

If government action, such as tax credits, grants, or other subsidies, were to quickly bolster the private conservation market, or if a commitment were made to the existing low-income conservation program to put programming on a stable multi-year basis, the outlook for the future would enable CAAs to recruit and maintain a more stable, experienced, and dedicated workforce from within their communities. Similarly, weatherization production and training would be materially enhanced if CAAs had the funds and flexibility to hire skilled supervisors to work with CETA crews.

C. Economic Development and Job Creation

Study findings in this area primarily confirm conclusions reached above regarding labor. CAAs regard job creation as being dependent on economic development of the conservation field locally, and this process is in turn dependent on government action to directly stimulate the industry in the public and private sectors. CAAs point out that trained weatherization workers could operate their own conservation businesses, but it is unclear where even the limited capital required would come from and whether a sufficient private conservation market now exists. CAAs themselves could sponsor broader conservation programs than the current low-income residential effort, bringing a perhaps greater access to capital and a background of organizational skills, but they too must rely on a larger government commitment to expanding the conservation industry. The need to generally rehabilitate low-income housing, described above, if acted upon would also play an important role in stimulating both private and public sector development in a closely related field. Requisites for a CAA role in this area include access to capital, technical assistance to CAA staffs in legal and business planning, program-generated income flexibility, and market leverage such as a link between CAAs and the weatherization of schools and other public buildings. Current Federal subsidy levels, laws and regulations limiting CAAs and their labor, and the chronic instability of federal funding make most CAAs dubious about these prospects.

III. Federal Program Administration

A. CETA

Most of the conclusions regarding CETA have been touched on above, under "Labor". Findings regarding local flexibility, agency performance, and regulations per se reinforced these conclusions. To restate, CAAs find CETA provides too few "slots" for weatherization personnel, too little training for the majority of workers—who are unskilled—too little pay for those workers who are skilled, to brief a work assignment to enable workers to either gain experience or establish an identification with the CAA, the program, or weatherization as a trade, too few skilled workers, and far too much uncertainty as to future funding levels. The currently proposed drastic cuts in CETA funding serve to emphasize the degree to which this uncertainty exists at both the national and prime sponsor levels. The solutions proopsed by CAAs ranged from dropping CETA as a labor source to establishment of a seperate allocation within CETA for the weatherization program. Those CAAs which mentioned the Federal level inter-agency agreement among DOL, DOE, and CSA had little hope of it working. Study findings offer little to suggest that establishing a separate weatherization allocation within CETA will, by itself, alleviate most of CETA's shortcomings. Only the question of local funding stability would be addressed by this reform. Other concerns regarding training, the skill and commitment level of recruits, pay, and overall national stability of funding will not be affected by a quota within CETA, which was designed to provide only temporary or transitional employment opportunities. The lack of substantial non-CETA personnel funding for CAA weatherization efforts makes it extremely unlikely that a temporary CETA assignment with a CAA can lead to long-term employment with that CAA. As noted above, the lack of a larger private sector conservation industry also minimizes the ability of the CETA program to function in the weatherization field as it was designed to do more generally.

The question raised by this study is the degree to which CETA is a suitable funding source for the weatherization program. One is hard pressed to think of a major Federal policy commitment other than conservation which is dependent for its implementation on CETA or any other DOL employment program. The study findings show the difficulties, and perhaps inherent falacies, in trying to fight "the moral equivalent of war" with an army recruited for the primary purpose of lowering the unemployment rate. The situation would require no further explanation if it were proposed that the Tennesse Valley Authority, or the Federal Bureau of Mines rely primarily on CETA for personnel. Comments elicited in the study lead to the conclusion that CAA administrators are strongly supportive of an adequate training program to enable the unskilled to learn to do quality weatherization work. It is the lack of time and funding for such programs, combined with the extent to which CAAs must rely on temporary CETA labor, that creates what is evidently an unfortunate mismatch. These labor constraints in a labor intensive field make it extremely difficult to project a significant future impact in the estimated 300,000 low-income homes in New England which remain to be weatherized unless major changes are made.

B. Regulations

The most significant findings regarding regulations stem from the responses about weatherizing rental housing. As noted above, work on these units is nowhere near proportional to their prevalence as low-income housing. The relevance of the study findings in the regulatory field to this subject is that despite the operational preference for single family, owner-occupied units, CAAs still overwhelmingly want regulations to require them to execute binding contracts with landlords whose buildings are weatherized to forbid rent increases and evictions. In previous reports on CAA weatherizations, the preference for owner-occupied homes was in part ascribed to CAA discomfort with such regulations. The implication was that perhaps CAAs would prefer not to have such regulations. An alternative conclusion now appears more likely. While CAAs approve such contractual requirements, it is very likely that their reluctance to do tenant weatherizations is based on their awareness of their own staffing capability to implement and monitor such agreements. Contractual agreements with landlords are necessarily more appropriately a function of central office administration rather than field supervision. Legal expertise in the landlord-tenant field is required, as is staff time to negotiate and monitor—and perhaps respond to breaches of—the contracts, even if a form contract were used as a model. Study findings in the "Program Management" section indicated very low budgeting levels for administration of this program. In practice, these funding levels typically translate into part of the salary of one "Energy Coordinator" to oversee all energy related programming in the CAA (including emergency fuel assistance) and fractions of expenses for clerical, bookkeeping, and audit operations. The aversion to involvement in three party landlord-tenant contracts is therefore not surprising.

This explanation is supported by the difference reported between the rate of weatherizations for multi-family units and that for rental units. The difference amounts to six percentage points of the total weatherized housing in large urban CAAs and narrows to zero in rural areas. This suggests, (a) that in areas where multi-family housing is more common. CAAs are not only deterred by the number of units in a structure but also by the legal status of the occupants vis a vis the property, and (b) that the reputed difference between the informality of rural areas and the impersonality of large urban areas may indeed exist and affect the degree to which agreements with landlords are formalized and legal, and are therefore a deterrent to CAA involvement. If rental housing is to be more effectively included in the weatherization program, both the legal and architectural (i.e., regulatory and efficiency) problems need to be addressed.

Other findings in the area of regulations show that CAAs would prefer ideally to have the option of expanding the weatherization program in ways that will make it more stable and, to a degree, self-sustaining. An increased eligibility ceiling combined with a sliding fee scale and retention of any income thereby generated would broaden the base of the conservation program within the CAA and the community. These regulatory reforms would be in keeping with the findings of this study regarding labor, but are unlikely to be realistic under present labor and funding restrictions.

RECAPITULATION

The foregoing report does not purport to be an in-depth, complete picture of all low-income weatherization and other energy conservation activities which have occurred in New England since the inception of the energy crisis. It is, however, a fairly clear snap-shot which highlights both the potential accomplishments of such activity and the major issues to be addressed:

Overall, the need for effective low-income residential energy conservation, and the obstacles to meeting that need, are both so great that a thorough review of Federal policy in this area is in order. Piecemeal reform of minor aspects of existing laws and regulations, while urgently needed, cannot be expected to correct the inadequacies and inconsistencies of current policy.

Weatherization which is adequately funded, properly designed, and professionally implemented can be a major factor in New England energy conservation.

Weatherization activity, if it is to be seriously implemented, cannot be dependent on a transient, predominantly unskilled labor pool.

Federal program regulations are in need for a major overhaul to overcome the legal and architectural obstacles to weatherization of tenant-occupied and multi-family structures, which represent the bulk of low-income housing in New England.

In New England, where the poor are apt to be housed in old and deteriorating structures, energy conservation based on current weatherization resources amounts to no more than a temporary, patchwork approach. In this region, shelter parallels energy as a major issue demanding immediate public concern. Residential energy conservation activity, if it is to have a lasting impact, not only must be expanded, but also must be linked to a new, massive housing rehabilitation effort.

A coordinated response to the New England energy and housing crises, which would combine energy conservation and housing rehabilitation, would greatly enhance the economic development and employment potential of the region, especially from the standpoint of low-income communities.

Toward a Comprehensive Low-Income Energy Policy: An Outline for the National Community Action Agency Executive Directors Association (NCAAEDA) Energy Committee

The energy crisis has had a devastating impact on the economic stability of low-and-fixed-income persons. The added burden of increased energy costs has dramatized the already precarious plight of persons identified in the Economic Opportunity Act as living in poverty.

That landmark legislation states the basic problem so forcefully:

"Although the economic well-being and prosperity of the United States have progressed to a level surpassing any achieved in world history, and although these benefits are widely shared throughout the Nation, poverty continues to be the lot of a substantial number of our people. The United States can achieve its full economic and social potential as a nation only if every individual has the opportunity to contribute to the full extent of his capabilities and to participate in the workings of our society. It is, therefore, the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity. It is the purpose of this Act to strengthen, supplement, and coordinate efforts in furtherance of that policy."

The opportunity to live in decency and dignity is being further undermined by the lack of a comprehensive low-income energy policy. Just as the Federal Government responded in 1964 with a comprehensive "War on Poverty" with the establishment of the Office of Economic Opportunity (OEO) with the authority to operate programs through a national network of Community Action Agencies (CAA), so now it is incumbent upon the Federal Government to take the same type of initiative in attacking the low-income energy problems with the creation of a comprehensive, integrated energy program housed in the Community Services Administration (CSA) the successor to OEO, with the resources and authority to implement programs through the local, state, and national network of Community Action Agencies.

The National Community Action Agency Executive Directors Association (NCAAEDA) represents the nearly 900 Community Action Agencies (CAA's) nationwide. Since 1973, CAA's have been delivering Energy Assistance, Energy advocacy, Energy Conservation, and Alternative Energy programs to low-and-fixed-income persons. Today Community Action Agencies are the primary operators of all federal low-income energy programs. The CAA's have in the past and will continue in the future to operate these programs in line with our mandate outlined in the EOA's namely, "It's (CAA's) basic purpose is to stimulate a better focusing of all available local, State, private, and Federal resources upon the goal of enabling low-income families, and low-income individuals . . . to attain skills, knowledge, and motivations and secure the opportunities needed for them to become fully self-sufficient. . . ."

The ultimate goal of Community Action is to produce a more equitable distribution of income, wealth and power, as the basis for more equal opportunity in education, employment, and the general distribution of goods and services in U.S. society. In the energy field, initially this means that our first priority is to prevent or minimize significant threats to life, health and safety presently arising as natural consequences of Federal energy policy. Therefore, NCAAEDA believes that CAA's at the local, State and Federal levels should participate in all aspects of energy policy development. The interest and concerns of low-income people go well beyond emergency assistance and weatherization; the participation and planning of CAA's and state regional, and national associations of CAA's in these areas is critical. The participation of low-income people and communities in programs to conserve energy, develop new renewable energy resources, and, in general, to make the transition to a society that uses energy in a radically different and wiser way than it has in the past is critical to assume both that the poor are not further disadvantaged by these policies and that the policies will work for all segments of society.

Energy is a life-essential resource. Every person has a right to energy resources adequate to provide light and heat, essential transportation and the conditions of productive labor. These resources are just as important to survival in our modern society as the traditionally understood necessities, food, clothing, and shelter.

I. ADMINISTRATION ENERGY POLICY: IMPACT ON LOW-INCOME AND ELDERLY CITIZENS:

Energy supplies, and with them, energy prices, are subject to substantial manipulation by the Organization of Petroleum Exporting Countries (OPEC). In addition, major U.S. domestic oil companies appear to have the power to manipulate short-term shortages so as to influence prices.

However, on a long-term and larger scale, world supplies of fossil fuels are limited and appear to be running out. Barring major, new and presently unexpected discoveries and/or equally major and unpredictable technological breakthroughs, the days of cheap, abundant energy are over. The various projections on this subject are exhaustively and systematically explored in J. C. Sawhill, K. Oshima, and H. W. Maull, *Energy: Managing the Transition* (1978), a paper prepared for the Trilateral Commission. More recently, the Energy Project of the Harvard Business School has released an at least equally exhaustive study, R. Stobaugh and D. Yergin (eds.), *Energy Future* (1979).

As the cornerstone of his solution to this problem, President Carter has proposed deregulation of domestic energy prices and massive Federal investment in synthetic fuel development, with nuclear energy production continuing to play an important and increasing role. Production is thus the foundation of the Carter Administration approach. Conservation is to be forced upon the public as a form of sacrifice motivated by rising prices.

We are also concerned that the Administration may still be thinking of low-income energy assistance as at best the "caboose on the train" of larger energy policy considerations.

It should be noted that in our view, attention to low-income energy needs and policy is not an act of charity. It is rather a matter of the national responsibility to redress inequities in educational and employment opportunity and the resulting maldistribution of income, wealth and power.

The brunt of the energy crisis has fallen upon the 35 million poor and near poor persons of our country comprising some 15 million household units.

In 1978, the average low-income household was spending approximately four (4) times as much of their income for household energy as the Average middle income household (18.4 v. 4.7 percent). In certain northern and northwestern parts of the country, energy expenditures neared 25 percent for low-income families. Since that time oil prices have risen some 70 percent, natural gas prices some 25 percent and further increases are inevitable. Conservatively, poverty households will be spending 25–30 percent of their income for energy in 1979. And conditions will worsen in the 80's.

II. CONSERVATION AS AN ALTERNATIVE NATIONAL STRATEGY: THE STRUCTURE OF DOMESTIC ENERGY SYSTEMS AND POLICY

Fortunately, there is an alternative energy policy scenario which would appear to require, at most, low-income-related expenditures comparable to those proposed by the Administration to date.

But this alternative scenario, by shifting the major emphasis of Federal policy from centralized production to conservation would, among its several advantages, allow for the conception and implementation of low-income programs as integral aspects of Federal policy rather than as band-aids, half-measures and afterthoughts.

To make the benefits of our proposed alternative strategy clear will require a brief discussion of the present structure of energy production and delivery systems in the United States.

Our present energy production and delivery systems have several characteristics, among others; they are centralized, capital-intensive, large-scale, monopolistically controlled, and substantially reliant on high technology and on nonrenewable/fossil fuels.

In seeking to preserve the essential structure of these systems while converting them away from fossil fuels and especially oil, advocates of high technology solutions propose other systems which could be prohibitively costly and environmentally devastating, while also remaining centralized, capital-intensive, large-scale, and monopolistically controlled.

By contrast, we would advocate maximum development of a decentralized, labor-intensive, small-scale-oriented, localized/competitive energy system utilizing renewable resources to the extent possible.

This alternative approach would have the additional benefits of being cheaper, more cost-effective, and environmentally safe, while offering a substantially quicker fuel-savings payback than the conventional approach.

For example, a study on Long Island found that the same investment, used to build a nuclear plant, on the one hand, or employed to weatherize a number of individual homes on the other, would "produce" comparable energy in both cases.

But this investment would produce many more jobs, and a markedly different distribution of income on the weatherization approach.

The present problem is that centralized groups—such as utility company boards of directors—are available to make and implement the decision, through a rate case for example, to finance a nuclear power plant. To produce the same "conservation energy", however, a great many individual households would have to make independent decisions to invest in conservation measures—and they would have to be able to afford those investments.

There is thus a bias in favor of centralized, capital-intensive energy production systems; but conservation programs "produce" comparable energy while yielding many more jobs per unit of investment.

We hereby endorse the concept of "conservation energy" rather than the more conventional "energy conservation"—as a conceptually accurate means of dramatizing the essentially production potential of conservation programs and policy. The foregoing analysis will also introduce our position that conservation energy is a source and resource far preferable to synfuels and related, more conventional sources.

This preference should not be mistaken for a proposed abandonment of conventional and other production systems. To some, and probably a substantial extent, we expect to see continued employment and development of such systems as the basis of energy production. But on what appears to be the eve of a massive public investment in energy production, our analysis indicates that the bulk of that investment should be in conservation energy.

Environmental considerations simply reinforce the foregoing analysis. Perpetual and immediate threat to survival have thus far made it difficult or impossible for low-income people to voice longer-term environmental concerns. But nuclear power, once touted as cheap as well as safe, has now been unmasked as enormously expensive as well as potentially quite dangerous. Because at this and the unresolved problems of waste disposing, we do not favor the construction of any additional nuclear power facilities.

III. CONSERVATION ENERGY AND LOW-INCOME SURVIVAL: PROGRAMS TO FIT THE POLICY

Having advocated conservation energy as the cornerstone of Federal energy policy, we would also urge that low-income and elderly survival needs in the energy area can best be met by a related strategy.

Traditionally programs and initiatives that address the energy needs of poor people have been designed without regard to any comprehensive plan or a larger effort to eliminate the causes of poverty. To that end, any such plan intended to resolve the low-income energy problems must meet the following criteria:

1. *Programs need to reflect local diversity and needs.*—Since energy touches every part of people's lives, programs designed to solve energy problems, in order to be effective, need to easily relate to different human and physical environments. In order to facilitate this process, substantial input must be received from, and discretion given to, local communities and their agencies.

2. *Low-Income Energy Programs should relate to each other and to the broader effort to eliminate poverty.*—Given the limited resources available for this effort, programs must build upon each other rather than operate in isolation. Programs need to be part of a comprehensive approach to the energy problem as well as relate to larger economic issues.

3. *Programs and initiatives must address the conditions of poverty and not simply provide temporary relief.*—We must focus attention on eliminating the causes of poverty and the ways in which high energy prices and shortages contribute to it. All programs, even those whose primary purpose is to provide temporary help, must relate to the effort to final permanent solutions.

4. *Energy programs designed to help the poor must be adequately funded so that professional and quality service can be provided.*—Too often poor people's programs are funded at inadequate levels and are required to perform functions that are beyond their resources. Dependence upon volunteers and programs that

provide partial solutions perpetuate the "second class citizens" status of poor people. In order to truly solve these problems, programs must be run by professional standards with sufficient funding to meet the entire need.

5. Access to Alternative/Appropriate Technologies represents the long term solution to poor people's energy problems.—Dependence upon traditional fuels will become increasingly inaffordable for poor people. Only by providing the low-income community with the means of obtaining their own energy will they escape reliance on large centralized energy supply systems that could never serve the needs of poor people.

6. Energy programs need to address the total range of needs of low-income people.—There is a need for short-term emergency assistance as well as long term structural change. Energy programs must contain the resources to respond to emergency situations and personal crises.

7. Energy programs must serve a broad range of eligibility.—The bulk of our programmatic concerns has been with subsidization of measures to permit low-income elderly citizens to survive the "energy transition." We would hereby indicate our policy preference that any such aid programs be implemented on a continuum with other programs for other families who may be severely, though somewhat less, disadvantaged. Thus the working poor, low-income elderly and recipients of public welfare are most in need. But direct-grant assistance to these groups must be supplemented by a continuum of smaller grants, long-term low-interest loans, and tax credits to other groups so that the overall impact of public energy policy is fair and equitable.

A. Transfer payments: Crisis Intervention and Energy Assistance

In programmatic terms, the first need, then, is to provide at least a minimal level of energy goods and services and to prevent termination of such services. Pending a broader approach to the redistribution of income generally, and/or the structure of the energy industry, this means transfer payment programs to pay for fuel and utility services: annualized, systematic energy assistance payments backed up by an emergency crisis intervention program with annualized administrative and program staff.

Much needed as such payments are, they tend to reinforce the public perception of low-income energy needs as charitable concerns, rather than as integral aspects of any Federal energy policy adequate to meet the national interest. Transfer payments also, while utterly necessary in the short-term and for the foreseeable future, fail entirely to provide any long-range basis for promoting low-income energy efficiency, independence, and self-reliance as aspects of the parallel goals espoused for the United States as a whole.

Adequate protective services such as no utility shut-offs in winter are also appropriate emergency responses to the present crisis. Further, we believe that providing low-income persons with weatherstripping, caulking, and other ways of stopping infiltration, on a one-shot basis can be considered crisis intervention. This must be distinguished from weatherization.

Such programs and policies have been called "band-aids" in the past. The epithet is apt in that the transfer payment or shutoff prohibition is not permanent and does not reach the deeper source of the problem. But we think "tourniquet" is a more appropriate metaphor in that the programs and policies in question, while of temporary impact, are absolutely life-essential.

B. Residential Energy Conservation

Once the immediate threat to life and health has been met, any low-income household applying for energy assistance should have access to basic housing repair and energy efficiency specialists backed by adequate administrative and material resources. The dilapidated nature of the low-income housing stock must be recognized; major, not merely incidental repairs should be performed as needed.

With basic repairs completed, weatherization and related energy efficiency measures, including fuel burner retrofit where appropriate, should be routinely implemented.

C. Alternative/Appropriate Technology

Small-scale Lowtech devices should be routinely available to the low-income household, but "a.t." should also be implemented on a much broader scale. Sporadic, piecemeal pilot or demonstration projects, having exposed many communities to wood-burning stoves, solar hot water heat and the like, should be followed up with massive resource commitments to the solarization of whole blocks and neighborhoods. Wood-burning stoves should be purchased and installed en masse in appropriate areas again on a pilot/demonstration, but on a much broader basis than their symbolic forerunners.

Research and development such as that performed by the National Center for Appropriate Technology should be continued, but it cannot and must not be made to substitute for a real and substantial commitment to implementation.

D. Consumer Education

The above-described programs outline the material resource commitment necessary to enable the low-income household to conserve. "Conservation counseling" in the absence of such resources merely adds insult to injury. But once the material means of conservation are available, education and counseling should enable the low-income citizen to maintain weatherization materials to the extent feasible, to utilize technical devices now available, and in general, to make maximally efficient use of newly acquired resources. In other words, it is our purpose to promote the energy conservation ethic. This could be done through:

(1) Establishing an on-going consumer education program for both adults and children to include a wide variety of approaches such as self-help weatherization techniques, behavorial modification activities, residential energy audits, classroom as well as hands-on training, etc.

(2) Establishing a "one-stop" informational intake center to include: energy conservation material, information on related programs, educational programs and intake for all energy programs.

(3) Establishing nation-wide training and technical assistance centers for energy conservation weatherization staff. The Center (such as the Stockton training center) should include a comprehensive hands-on teaching approach on basic advanced weatherization skills plus training and technical assistance on solar installation and supervision.

E. Employment and Economic Development

In general terms, the national commitment to a conservation strategy will itself have an enormous, positive economic development impact. In addition, training and employment of disadvantaged individuals can focus much of this impact on the low-income community, where it is most urgently needed.

The employment and economic development potential of energy use and supply programs should be carefully assessed and used as one of the considerations—along with environmental, safety, and cost questions—in choosing among programs. From preliminary analysis, conservation and the development of alternative energy sources seems to have great job creation potential. Some studies indicate as many as six times more total jobs will be created by programs of conservation of energy as opposed to traditional programs on equivalent energy basis. This potential can and should be used to provide jobs for poor people and and economic development for poor communities.

Analytical tools to determine the employment potential of energy programs should be refined and developed where necessary. These jobs should be delivered through CAA's, CDC's, and other appropriate institutions to the unemployed and underemployed poor, especially to areas of chronic, high structural unemployment. Implementation of major Federal energy policy commitments should be preceded by consideration of their economic development impact(s).

F. Transportation

Much talk of a 50-cent-per-gallon Federal gasoline tax illustrates the need for Federal energy/transportation policy to take account of its own impact on low-income people. Gasoline taxes are inherently regressive, partly because the poor drive older cars and partly because their driving needs are less elastic. Recent Federal commitments to mass transit support have a long way to go before they redress the enormous imbalances created by massive long-term Federal subsidization of the automobile. Mass transit support may be the first line of priority here, but additional measures such as a rebate for low-income people should be explored before any such massive tax as 50 cents a gallon on gasoline is imposed.

G. Advocacy

Advocacy services should be provided at the local, state, and regional and Federal levels. The advocacy services required may be considered to be of two main types.

Program advocacy should monitor program implementation, troubleshoot, and make recommendations necessary for program improvements; for example, to make sure eligible clients are not denied transfer payments or weatherization services, and to enforce no-shutoff provisions. Such advocacy may be on a case/client basis, but should also embrace regulations monitoring/review and legislative input.

Structural advocacy should address generic issues of a related but different type, dealing in overall policy terms with such issues as utility rate structure and energy pricing policy.

The basis of the advocacy effort must be the community organization and advocacy effort of the CAA's in their respective local communities. Therefore, CAA's are encouraged to use existing funds and seek additional money to maintain a focused energy advocacy program at the local level.

The local advocacy effort is to be linked with the state/regional advocacy program through communication, joint training and participation in formulations of state and regional energy policy. The state and regional advocacy programs are an invaluable link in the Community Action advocacy effort, and they must be maintained and expanded.

At a time when the nation's energy policy is at its most critical stage of development, the low-income consumer is without an organized, articulate voice. While there are many persons, groups and organizations speaking on behalf of the low-income consumer, there is not at present a national low-income consumer advocacy group that has a constituent base. NCAAEDA believes that we need to obtain funding to provide this crucial effort.

While our constituency is being served by the legal and technical expertise of the National Consumer Law Center and the regional, state, and local level by the regional and state advocacy grantees and the local community action agencies, coordinated advocacy for the low-income consumer in Washington is not yet a reality.

IV. Financing Mechanisms

We propose to finance these essential programs primarily out of revenues produced by the proposed windfall profits tax on domestically produced crude oil. To be adequate for these purposes, the tax must be sizable, and should not be used for more expensive purposes such as massive domestic synthetic fuels development. The tax passed by the U.S. House of Representatives would appear to be more than adequate for our purposes. But the programs herein advocated must be recognized as of the highest priority, and in the national interest. Any shortfall between windfall profits tax funds and the program needs herein outlined should be met by subsequent windfall profits taxation or, if necessary, out of general Federal revenue supplemented to the maximum extent possible by the State and local funds.

V. The Nature of Energy in Our Socio-Political System Regulation of the Energy Industry

Such massive public involvement in energy policy as we have advocated may appear to run against the grain of our free-market, free-enterprise economic system. But it should be noted, on the one hand, that our domestic economy is in fact a "mixed" breed at best, featuring substantial elements of public intervention, subsidization of industries as well as individuals, and the like. And, on the other hand, we believe the energy area has unique characteristics which would permit public programs such as those herein advocated as legitimate exceptions to, rather than violations of, the current trend toward deregulation of our economic system.

Recent Mobil Oil Company advertisements, for example, have equated criticism of the oligopolistic nature of the domestic energy industry with a blanket attack on the free-market capitalistic system. But it is both possible and consistent to favor free-market competition in most industries, and to support public regulation of industries in which there is essentially no free market.

Oil, and perhaps with it, other energy-related natural resources, may be distinguished from many other commodities on a variety of bases. It is finite, non-renewable, and, in contemporary American Society, life-essential for a great many people. We need enough of it, at a reasonable enough price, at the moment, to prevent massive dislocations of our economy. We need a supply and allocation system adequate to prevent people from freezing to death en masse. It is not like television sets, gas guzzling automobiles, or midgets. In short, it is necessary as one of the conditions of civilized life in our industrial society. Perhaps over the long haul we want to overcome this dependence on such a natural resource, since there is only so much of it. And over the short term, we might well want to overcome our dependence on any oligopolistic production and distribution system, foreign or domestic.

While there is arguably competition among some of the U.S. domestic oil companies, the market situation in oil is easily perceived as one characterized by natural monopoly, or at least, overlapping cartel interests. There may not be enough information available to the public presently to be entirely clear as to the structure of the oil industry, or as to the most appropriate ways to resolve our precarious supply situation. But we regulate a number of industries not characterized by such a paucity of information.

Just as we regulate use of the airways through the Civil Aeronautics Board and the Federal Aviation Administration, and the airways by means of the Federal Communications Commission, and the utility companies through a variety of mechanisms, it makes equal sense to regulate the oil industry in the public interest. Government intervention—whether indirect, as through financing of conservation measures, or direct, as through price controls or other mechanisms—is in this case not a threat to our way of life, but an attempt to preserve it.

A broad range of options then present themselves, including but not limited to the windfall profits tax. These options would include reimposition of price controls on domestically produced oil; creation of a government corporation to compete with the private companies and/or to coordinate U.S. purchases from foreign producers; general regulation of the industry on a basis comparable with existing public utilities regulation; and direct public ownership. A massive government-backed conservation program would be appropriate on a similar basis, as well as others.

These and many other options present themselves to the citizens of a free society when confronted with a situation like the present energy picture. If free market economics do not operate in the oil industry, if in fact a sort of "natural monopoly" exists, then given the finite and life-essential nature of this resource, some form of government action is warranted.

We propose and endorse, as a first step, a serious and substantial windfall profits tax. And we propose that as a first priority, the proceeds from such a tax be used to alleviate the situation of those least able to cope with skyrocketing energy prices. We urge that this be done not solely through transfer payments—though such a "tourniquet" is absolutely essential for the foreseeable future. For the longer term, we advocate a range of conservation energy programs that will provide our most disadvantaged citizens an equal opportunity to participate in the quest for national energy independence.

Mr. Andrews. I understand that Chairman Perkins is on the way here from his office.

Mr. Robert Whitehead has come in, I am told. When I called on you earlier you were very ably represented by a fine lady who did read your statement. We are pleased that you could be with us.

Mr. Whitehead. Thank you, Mr. Chairman. I am extremely sorry to be late. The fog was so low and we were in North Carolina and my plane was not able to get off and when I got to Raleigh-Durham I was not able to get a plane out of there until 10:15, and because of your metro system I am just getting here.

Mr. Andrews. Well, you have three good excuses.

Mr. Whitehead. We surely thank you for the opportunity to appear before your committee this morning, and I am quite sure that Ms. Boone represented us very well.

Mr. Andrews. She did extremely well. Mr. Jesse Amburgey?

[Prepared testimony of Jesse L. Amburgey follows:]

Prepared Testimony of Jesse L. Amburgey, Executive Secretary, Kentucky Association of Community Action Agencies

Mr. Chairman and members of the subcommitee, my name is Jesse Amburgey. I am the Executive Secretary of the Kentucky Association of Community Action Agencies. I would like to express my deep appreciation for the opportunity to speak to this committee regarding H.R. 6619.

Our Association consists of the twenty-one Community Action Agencies located throughout the state of Kentucky. Each of these agencies operate local weatherization projects and the Association itself administers a 26 county weatherization project. The experience of these agencies has resulted in a rather comprehensive knowledge of the weatherization program and the problems and frustrations sometimes associated with it. I am pleased to report to you that Congressman Perkins' legislation effectively addresses many of the problem areas our agencies have encountered as we have atempted to deliver quality weatherization services to the low income people of Kentucky.

I would like to discuss with you some of these problem areas and to point out the ways in which H.R. 6619 will serve to alleviate many of these difficulties. Also, I would like to offer a few thoughts on how this legislation could be further strengthened in order to even more fully address certain deficient aspects of the weatherization program as it currently exists.

The first problem area concerns the quantity of labor available to the local organizations engaged in weatherization activities. As you are aware, these organizations find themselves almost totally dependent upon CETA for their weatherization labor force. As a result primarily of reduced CETA funding and competing and sometimes conflicting Department of Labor Prime Sponsor funding priorities, many of these organizations find themselves with an inadequate labor supply.

This situation is best exemplified in Kentucky by one of our Community Action Agencies which serves an urban area of approximately 238,000 persons. Of these 30,000 are low income. After many months of extensive planning and negotiations this agency has succeeded in acquiring only 13 CETA positions to carry out its weatherization program.

It should be noted that current Department of Energy regualtions do in fact allow for the direct employment of non-CETA supervisory personnel. However, current funding levels have not been sufficient to provide the number of supervisory personel needed in order to insure quality weatherization projects. As a result many of these positions are either occupied by CETA participants; or DOE funded positions' responsibilities are expanded to include the supervision of an inordinate number of weatherization workers.

H.R. 6619 exhibits an awarenes and understanding of this labor quantity problem and offers a feasible approach to resolving it. Through this legislation the dependency relationship on CETA is transformed into a more balanced situation whereby an organization may utilize CETA labor, but when this is not practicable the organization has recourse to funds provided through the legislation to employ necesssary labor. Another important and beneficial aspect of the legislation which should be recognized is that it makes no distinction between supervisory personnnel or general labor. Finally, the legislation provides adequate level of funding through which necessary labor can be secured.

The second problem I would like to discuss is also related to the dependency upon CETA for weatherization labor. More specifically it concerns the quality of the labor supply.

Due to the intent of CETA and the subsequent eligibility guidelines for CETA participation, workers are often lacking not only in the basic skills required to perform rudimentary weatherization tasks, but frequently have not experienced nor developed general work habits and attitudes necessary for properly conducting oneself in a responsible position of employment. I would hasten to point out that Community Action Agencies are unquestionably committed to those persons burdened with the problems just cited. However, because of this commitment our agencies are faced with a most trying dilemma. On the one hand we strive for quality results expected from the weatherization program. On the other hand, though, we are equally committed to providing the work opportunities, training and experience through which low income, unemployed persons can secure permanent and meaningful unsubsidized employment. To our near constant frustration we find that our attempts to balance these competing commitments are often unsuccessful.

The enactment of H.R. 6619 would provide the means through which this balance could be achieved. By not explicitly limiting weatherization labor to only CETA participants, organizations will be provided with the opportunity when necessary to employ workers possessing the skills and experience which are requisites for quality weatherization services. In addition to this, with its emphasis on the continued utilization of CETA participants and/or persons who meet CETA eligibility guidelines, the integrity of our commitment to low income unemployed persons will not only be maintained, but actually strengthened. It will be strengthened in that through the employment of those with adequate skill and experience levels, weatherization programs will finally begin to realize their potential as an excellent training ground for those who need to develop work skills and acquire positive work experience and habits.

The third major aspect of H.R. 6619 which I would like to discuss concerns the transfer of the weatherization program from the Department of Energy (DOE) to the Community Services Administration. I would note at the outset that my remarks on this issue are not intended as an indictment of the Department of Energy. It is our firm belief that the major problem with the Department of Energy administration of the weatherization program revolves around the fact that it was assigned the administrative responsibilities for a program for which the Department was neither structured nor to which it is oriented in terms of the nature of the program. Herein lies the problem, which I will now attempt to analyze.

Dealing first with the structural problems of DOE, one need only observe the placement of the program within the Department to understand a major handicap to the success of the weatherization effort. Within DOE is the Office of Solar Energy and Conservation. The weatherization program exists only as a part of this office. On the DOE budget document weatherization is found in the category of state and local grants. This category would include among other things the grants made for improvement of local government buildings, schools, etc. A further point which should be noted is that consumer affairs and appropriate technology, which should be directly related to the weatherization program, are located in other components of DOE. From these facts it is evident that the weatherization program as it is placed in the Department is both fragmented and buried within the bureaucratic maze of DOE.

Another structurally related problem concerns the federal/state/local network which composes the weatherization program. On the local level the vast majority of the organizations delivering weatherization services are Community Action Agencies.

At the state level most of the organizations designated to administer the program are the State Economic Opportunity Offices (SEOO). As with the local Community Action Agencies, the SEOOs are funded by the Community Services Administration. The incongruent element in this tripartite network is DOE. This incongruency is reflected in administrative and operational systems which are often different than those to which the weatherization related organizations at the state and local levels are accustomed. Effective communication and coordination between the three levels is sometimes impaired and paper work associated with the program is extensive. In Kentucky we find it rather ironic, and only slightly humorous, that local applications for DOE funds are submitted on CSA forms.

This latter point concerning the weatherization network is directly related to the second major concern we have with DOE. The weatherization program is formally titled Weatherization Program for Low Income Persons. Weatherization is the only major program, to our knowledge, administered by DOE which is designed specifically for the poor. In view of this, or possibly as a result, there has been an insufficient amount of visible committment to the poor on the part of DOE. On the other hand, the Community Services Administration and the now defunct Office of Economic Opportunity (OEO) from which CSA was formed, has been in the business of serving the needs of the poor for 16 years. Currently this wealth of knowledge and experience is being forfeited to an agency which is still in the infantile stages of familiarizing itself with the problems of the poor. In each of the four years DOE has administered the weatherization program the regulations promulgated by that agency have progressed from a state of extreme rigidity and restrictiveness to a more flexible and realistic approach to the program. This sequence of changes is reflective of the learning process in which DOE has been engaged.

One could argue quite logically that it would be unwise to move a program from an agency with four years experience in operating it. However, it is far more logical to argue that the program should not only be placed with an agency which initiated the program but which also has sixteen years experience in serving those for whom the program is designed. Also, it is this agency which would view the program as a major priority and would structure and administer it accordingly. The passage of H.R. 6619 would transform this logical argument into practical reality.

This concludes my comments concerning major problems which we have encountered with the weatherization program and an analysis of the aspects of H.R. 6619 which speak to these problems. At this point I would like to briefly list other significant points found in this legislation which, if enacted will increase both the effectiveness and efficiency of the program.

Those points are as follows:

1. *Level of appropriation for weatherization.*—As already mentioned the level of funding proposed by H.R. 6619 will be most helpful in insuring that the necessary quantity and quality of labor will be secured. It will also serve to insure that adequate resources will be available in order to serve to insure that adequate resources will be available in order to serve many more needy persons than are now receiving weatherization services.

2. *Allotments to states.*—This funding approach has worked relatively well in Kentucky and we are pleased to see it retained in this legislation.

3. *Fifteen percent ceiling on administrative costs.*—A major problem with which our agencies are now struggling is that they are allowed only five percent administrative funds. Fifteen percent is much more reasonable give the administrative demands placed on an organization operating a weatherization project.

4. *Three year state plans.*—Currently states must submit weatherization plans on an annual basis. Through modifying this to a three year format, program stability and long range planning will be greatly facilitated.

5. *Community Action Agencies receive funding priority.*—These agencies possess not only extensive weatherization experience, but also an intimate knowledge of and sensitivity to the local poor population. No other local network of service deliverers possess these qualifications.

6. *Participation of the poor.*—Currently DOE does not require participation of the poor in the implementation of weatherization projects, although this is the practice in Kentucky. H.R. 6619 recognizes the important contribution the poor can make in the implementation of services designed to serve them.

7. *Supplemental wages paid to CETA participants.*—Currently, any weatherization funds used to supplement CETA participants' wages are counted toward the maximum wage rate allowed for participants by the local DOL Prime Sponsor. Through this legislation supplemental weatherization wages paid to CETA participants would not be counted in this manner.

8. *Income Eligibility for elderly persons.*—Currently the eligibility guideline for all persons is 125 percent of the poverty level. H.R. 6619 recognizes the severe problems faced by the elderly poor by increasing this guideline to 150 percent of poverty.

Although we are extremely pleased with provisions of H.R. 6619, there are three areas in which we believe it could be further strengthened. Those are as follows:

1. *Program support.*—H.R. 6619 proposes that only 15% of grant funds be permitted to be used for program support costs. Currently, 44 percent is allowed for these costs. In view of the high cost of certain weatherization related equipment and the exorbitant cost of transportation, consideration should be given to at least retaining the current 44 percent level for program support.

2. *Income eligibility for non-elderly.*—Whereas the framers of this legislation are to be commended for allowing greater flexibility in the income requirements for the elderly, this action should not occur at the expense of non-elderly poor. We advocate increasing the eligibility requirement for the elderly to 150 percent of the poverty guidelines and maintaining the 125-percent level for non-elderly poor.

3. *Availability of CETA labor.*—This legislation states, "The Director shall establish procedures, after consultation with the Secretary of Labor, to secure individuals to perform work on local weatherization projects." The section goes on to mention specifically CETA participants and older persons who are eligible to receive assistance under Title V of the Older Americans Act. Currently, a memorandum of understanding exists between DOL, DOE and CSA which is in-

tended to assure that adequate DOL funded labor is available to weatherization projects. As stated earlier, however, for many local weatherization agencies, an adequate quantity of labor remains a critical problem. We would strongly suggest that H.R. 6619 be strengthened to insure that adequate levels of CETA and Title V participants will be available to weatherization projects.

There is a second reason for this suggestion. Many DOL prime sponsors have striven to make necessary numbers of CETA positions available to local agencies operating weatherization projects.

With the new flexibility afforded these local agencies to secure other labor, many of these prime sponsors may elect to direct their resources to other concerns. Stronger language in H.R. 6619 would prevent this from occurring.

As may have been noted, I have not commented on Parts B and C of this proposed legislation. We are at this time most concerned with the positive implications for our weatherization efforts found in Part A. However, I would be remiss not to express our total support for the Crisis Intervention Program and Outreach and the Energy Conservation Services and Program Coordination described in Parts B and C, respectively.

As I conclude my comments, I would hope that this legislation will not be viewed simply as the transfer of an insignificant program from one Federal agency to another. It is much more than this. H.R. 6619 represents a comprehensive approach to two of the most perplexing issues facing our nation today—energy and poverty. If it is recognized, first, that conservation is one of the most effective and most immediate answers to our energy problems and secondly, that any problem which has an adverse effect on the general population has a much much more severe impact on the poor, then it must be concluded that H.R. 6619 should immediately become a part of our country's efforts to deal with the two separate, yet inter-related, problems of energy and poverty. I trust that this learned body will arrive at this conclusion.

Once again I thank you for the opportunity to address this sub-committee and for the interest you have shown in this as well as other legislation affecting the lives of millions of economically disadvantaged Americans.

STATEMENT OF JESSE L. AMBURGEY, DIRECTOR, KENTUCKY STATE COMMUNITY SERVICES ADMINISTRATION, FRANKFURT, KY.

Mr. AMBURGEY. Mr. Chairman, I would like to have Hank Phillips, who is our planning and operations director, sit up here too in case there are questions. He has all the answers. I am just summarizing the report.

I probably could say "Amen" and go back and sit down because many of the concerns that we have in Kentucky have been dealt with this morning, but let me briefly summarize some of those things.

Mr. ANDREWS. If I may interrupt, Chairman Perkins has joined us.

Mr. PERKINS. It is a great pleasure for me to introduce Jesse Amburgey who started as a principal of the school in my hometown. I had known his father 35 years prior to that, and years after he served as head of the CAP directors in the area. He has gone on and become a representative of the State of Kentucky and has done an outstanding job, and I am delighted to welcome you here, Jess.

Mr. AMBURGEY. Thank you. I was just getting ready to say that weatherization is an important activity in Kentucky. We have 21 community action agencies that do weatherization, and in addition to those 21 agencies our office has a contract to cover 26 other counties. So we cover all of the counties either through the community action agencies or through some means. All of our counties are covered.

There are some frustrations, but it is considered a very good program in Kentucky. We just recently did a survey with our local officials, county judges, and local mayors, and it ranked as one of the top priorities of programs in their county or their city, so we are very proud to know that they are satisfied and realize the benefit of this program.

We do have some problems from time to time. I think those have been mentioned time and time again this morning. I will not go into those except to say the quantity of workers, CETA workers sometimes present a problem, the quality also presents a problem. And as I say, that has been emphasized time and time again.

I do not think evidently, our CETA people are as bad as some of them that have been talked about today because we have some very fine people, some very capable people, and we very much appreciate having the CETA labor. Sometimes they do not have the skills and we are very happy to see that H.R. 6619 deals with some of those things and gives us some additional resources to supplement what we have with CETA labor.

Mr. **Andrews.** What do you think should be the ratio between the trained employees or laborers and the CETA workers?

Mr. **Amburgey.** We have heard a number of different ratios I think this morning, but I think 1 to 3 or 1 to 4, one skilled supervisor to probably three enrollees would probably be the best ratio.

Mr. **Andrews.** Some of the local directors were saying earlier—I do not know if you were here—that in their areas it is running something like 1 skilled worker to perhaps 15 or 20 CETA workers. You do not need that many people on one job. So if they are working on the average of maybe four that means four or five houses being worked on at one time. There is no way that one skilled person can be more than one place at one time, but that seems to be a problem.

Mr. **Amburgey.** That is true, and that does present problems.

Mr. **Andrews.** All right. Excuse me. Go right ahead.

Mr. **Amburgey.** One of the other things that we are happy to see in Kentucky is that H.R. 6619 does put the program back in CSA. I think CSA, even before CSA, OEO, is very much sensitized and carries that throughout the three agencies to the plight of poor people. DOE is a big organization, has a lot of other items on their agenda. This one is sort of hidden in the bureaucratic maze, and I think weatherization will be much more effective working through the Community Services Administration, through our State economic opportunity offices and on down to the community action agencies.

Some of the things that we have itemized in the statement that has been submitted were things such as, No. 1, the quantity and quality of workers, and I think we have dealt with that.

The allocations to States, this funding approach has worked pretty well in Kentucky and we are glad to see that in this legislation.

The major problems with inner-agencies are the administration, the 5-percent administration was very inadequate and we are glad to see that in this one there is 15 percent available. That is necessary, we think, to operate a good program.

Mr. **Andrews.** Is that enough?

Mr. **Amburgey.** Probably, depending on what counts in there. If you are talking about support costs and you are lumping that in there, then it probably is not. Support cost for equipment, for blowers and for those kinds of things, we think is too low in the bill.

Mr. Andrews. Is that within the 15 percent? I thought the 15 percent was administrative.

Mr. Amburgey. That is right. I am saying that we also think that the 15 percent for program support is probably too small. We would like the 44 percent allowable cost because we think that gives us more flexibility too, first, purchase the equipment and to keep it in shape and this kind of thing.

Mr. Andrews. I am sorry. I do not understand that. You think the figure of 15 percent should be increased to 44 percent?

Mr. Phillips. We had some confusion as we were reading it because on the one hand there is mentioned 15 percent for administration, and at another point there is discussed a 15-percent program support. Are we correct in our understanding that those are two separate categories?

Mr. Andrews. That was my understanding.

Mr. Krugman. Support for the purposes of this bill does take into account such categories as the purchase of tools, storage, transportation.

Mr. Andrews. So the 15 percent is for all of that?

Mr. Krugman. That is correct. There is a provision for the director to prescribe regulations to raise or lower that.

Mr. Phillips. Let me make sure I understand then. When we talk about administration and program support we are talking about one pot of money, 15 percent of the grant and that is it, right?

Mr. Krugman. Correct.

Mr. Phillips. Now are you saying that the director may exceed 15 percent if that is deemed necessary?

Mr. Krugman. The bill provides that the director may prescribe regulations to raise that percentage, or the conditions under which that percentage may be raised.

Mr. Andrews. By "director" you mean the State director?

Mr. Krugman. The director of the Community Services Administration.

Mr. Phillips. National?

Mr. Krugman. National, yes. He will prescribe regulations setting out the conditions under which that percentage can be raised or lowered.

Mr. Phillips. Currently in Kentucky, and I think this is basically the same in all States, although there is some flexibility from State to State, however in Kentucky the local weatherization project operating agencies are able to receive only 5 percent administrative moneys. However, they are able to receive 44 percent, after that 5 percent is taken off. Forty-four percent of the remaining funds are for program support and are basically the same kind of allowable costs that are mentioned in 6619.

The 5 percent is causing some rather extreme problems. The 5 pertaken off. Forty-four percent of the remaining funds are for program so we were pleased to see 15 percent for administration. However, if that wipes out the 44 percent that we are getting for program support, then I would think that that would cause us a very real problem because some of the items that that money goes for are blowers for the insulation which may run anywhere from $1,000 to $2,000.

If you are talking about transportation, that obviously has gone out the roof. So if in fact we are talking only about a 15-percent pot of money which is to include program support and administration, that is a fairly serious problem.

Mr. **Andrews.** Well, we will try to correct that.

Mr. **Amburgey.** There are some other things in the bill we would like. We would like the community action agencies to receive funding priority, and we heard some other testimony that said something different but we still think those agencies may be utilized but priority ought to go to the Community Action agencies.

Participation of the poor, currently DOE does not require that. In Kentucky we are still using it and we are glad that that is in H.R. 6619.

Income eligibility for elderly persons, we are glad to see that at 150. We do recommend that it remain at 125 percent for the nonelderly. That has been discussed a number of times.

Basically I think, without repeating a lot of the other things that have already been said, that would cover our concerns. We do think the bill drastically improves situations as they now stand. There are a couple of recommendations that we had that we think would further improve it.

We appreciate the opportunity to be here and to tell you like it is in Kentucky.

Mr. **Andrews.** We appreciate your helping us with this. I am particularly glad we brought out the point about the percentage of funds that is allowable for administration and program support.

Mr. **Phillips.** We need to rewrite ours.

Mr. **Andrews.** If you could get the equipment that you need to do this work, if you could have administrators to see that it is done and done correctly and it is cost effective, then we are not wasting the money. I appreciate your calling that to our attention.

The others of you who are familiar with this program, who have testified earlier, would you agree with the recommendation that Jesse has made in terms of the percentages? Is that about right in your opinion. The lady from California.

Mrs. **Hunter.** Well, San Bernardino.

Mr. **Andrews.** That is in California, is it not?

Mrs. **Hunter.** We like to think of California as San Bernardino. Anyway, the machinery problem is a big problem. The wear and tear on the blowers that we have, the work is very harsh to the blowers. You do not have a long life expectancy. I do not know what the rest of the programs are, but it has been our experience that we can go through a machine in about 1½ years and we keep patching it up.

I did not realize, and I am glad you brought that up, because it was a little unclear, about the percentages. We need the 44 percent and we need actually 25 percent in terms of administration if we are going to talk about salaries, but 44 percent is at times difficult when you are talking about transportation. We talked about that earlier. So I strongly support the 44 percent.

Mr. **Andrews.** In your particular case, I do not think you need it. You only spend $150 per house.

[General laughter.]

Mr. **Ward.** Mr. Chairman, if we exclude labor, including supervisory labor, maybe 44 percent would not be currently required. Under the current DOE program the 44 percent includes supervisory labor. If it is more narrowly defined and only applies for transportation, storage, equipment an ddelivery costs, 44 percent would be more than would be needed.

Fifteen percent would be less than would be needed. So I think as you consider revising that I think it might be appropriate to specify very closely what program support means, and I would recommend that all personnel costs be excluded from support and that they go in as allowable costs along with materials and that the program support be more narrowly defined but certainly be increased beyond 15 percent.

Mr. **Andrews.** All right. Thank you.

Mr. **Whitehead.** Mr. Chairman, perhaps I misinterpreted the bill. I was under the impression that we were starting at about 15 percent for program support and 15 percent for salaries, for administration, making a total of 30 percent, which seems to me to be somewhat realistic. Forty-four percent may be just a little bit high, in my personal opinion. However, 15 percent would definitely be too low for administration.

Mr. **Andrews.** Some of you people should get together with Neil Krugman over here and Gordon Raley. In fact, we are going to recess now for these votes and for lunch. During this period of time maybe you can get with these two gentlemen and give them your various opinions about these percentages. We do not want to throw away any money but we want it to be adequately utilized also. If we have the figures too low or too high, let's talk about it.

Mr. **Whitehead.** Thank you, Mr. Chairman.

Mr. **Andrews.** We will recess until 2:30.

[Whereupon, there was a lunch recess taken.]

Mr. **Andrews.** Let the committee come to order. We will now hear from Susan Tachau.

[Prepared testimony of Susan Tachau follows:]

PREPARED TESTIMONY OF SUSAN TACHAU, ASSISTANT DIRECTOR, THE NATIONAL CENTER FOR APPROPRIATE TECHNOLOGY, WASHINGTON, D.C.

Mr. Chairman, members of the Committee, I appreciate the opportunity to testify on behalf of H.R. 6610, a bill amending the Economic Opportunity Act of 1964 to establish a revised weatherization program under the authority of the Community Services Administration.

The National Center for Appropriate Technology (NCAT), a non-profit organization principally funded by the Community Services Administration, is the only applied R. & D. laboratory in the United States geared to develop and demonstrate technologies which help low-income people. The NCAT "mission" involves research and development of appropriate technologies and technical assistance to community action agencies and other A.T. organizations.

Poor people were aware of the energy crisis first. Long before the rest of the nation began feeling the pinch in home energy bills, at the gas pumps, and elsewhere, the poor were struggling to keep their homes warm, their lights and stove lit. Even in 1973, before the energy crisis, the poor and near-poor used less energy in their daily lives than the rest of society. Today, in the face of 6 years of rapidly increasing prices and fuel shortages, the energy situation faced by poor people is much more grave. There are 16 million low-income households. In northern climates where many of these low-income people live, they may spend 30 to 40 percent of their income for fuel and utilities. In comparison, middle-income people in the same climates would spend 7 to 16 percent of their income on fuel and utility bills.

Thus the poor use less energy than the rest of us and pay a greater proportion of their income for it. For example, the wealthiest 10 percent of American households consume as much gasoline as the 20-percent of American households with the lowest incomes. Low-income Americans use energy for necessities—space and water heating, lights and a few appliances, food and transportation. Even though low-income energy use is limited mainly to essentials, in many cases, low-income people pay more per unit for the lesser amount of energy they do use.

The bill under consideration, H.R. 6619, proposes a three-point program to help the poor, the elderly, and the handicapped deal with the tremendus problems caused by the recent surge in energy prices. The bill proposes direct cash payments in the short term, coupled with an extensive weatherization and solarization program. NCAT has recently published a well-documented policy paper, "Energy and the Poor," a copy of which I would like to include in the record. Evidence from our paper seems to agree that many of the proposals of H.R. 6619 will greatly benefit low-income people. Let me read from the conclusions of the study:

LOW-INCOME ENERGY ASSISTANCE

The first element of the NCAT energy policy study is an expanded crisis intervention, low-income energy assistance program. This program should be viewed only as a stop-gap measure. It should be phased out as conservation and solar technologies are implemented to pick up the energy load for low-income people. This assistance program will save or supply no new energy. But it must initially be a critical part of the NCAT energy program because it meets an absolute and very well defined need. Without emergency assistance for cold-climate areas, low-income people who cannot pay their fuel bills will quite literally freeze. But this interim program should be phased out because there are other technologies which can eventually reduce poor people's energy bills to affordable levels by saving heat or supplying natural energy. We must remember that a dollar spent for low-income emergency energy assistance pays for a certain quantity of fuel which is burned and temporarily keeps a poor person warm. It is used once; it cannot be recovered or used again. A dollar spent for conservation or solar energy, conversely, continues to supply new energy day after day and year after year. Thus, any rational long-term energy program must incorporate these elements.

As we mentioned previously, the need for low-income energy assistance is great. Our studies have indicated a demonstrated need for $3.2 billion in this area.

HOME ENERGY CONSERVATION

The next program in the NCAT energy policy is massive and extensive weatherization of low-income housing. Weatherization is a name for energy conservation technologies used to improve the thermal efficiency of a residence. Technologies subsumed under the term "weatherization" include ceiling, wall and water-heater insulation; storm windows and doors; caulking and weatherstripping; window repair and general leak plugging; and furnace maintenance and repair. It is important to remember that energy consumption in the residential sector accounts for nearly 20 percent of all U.S. energy consumption, a proportion that could be substantially reduced through weatherization. Thus weatherizing the 16 million low-income residences is a major energy target.

The existing weatherization program, while too small, is saving energy. Many weatherization agencies report energy savings of 25 percent or more for their $400 or less expenditure per home. This 25 percent is far from the maximum attainable, however. Recent studies on "optimum weatherization" indicate that, in cold areas, expenditures of several thousand dollars are cost-effective, and energy savings greater than 50 percent are possible.

NCAT recommends that a national priority be established to weatherize the nation's 16 million low-income residences in the next 5 years. We recommend that an average of $1,500 be expended per residence, with expenditures of up to $4,000 per residence permitted in cold-climate areas. The limitation of expenditures for structural improvements should also be removed, so that energy-saving measures such as roof repair can be accomplished. Currently there is also an expenditure limitation of $100 per residence for furnace repair and maintenance. This should also be removed. Furnace tune-up and reapir can make a significant improvement in the efficiency of home heating, and such expenditures should not be limited if they are demonstrated to be cost-effective.

Such a massive program could save up to 50 percent or more of the energy consumed in each weatherized residence. Upon completion of this weatherization program, the equivalent of more than 410,000 barrels of oil per day should be available for other uses. This energy will probably be delivered at a cost of $8–$10 per equivalent barrel of oil, or less than half the cost of synthetic oil. The total energy made available for other uses by this program would amount to over one percent of all U.S. energy consumption.

SOLARIZATION

The next element in the NCAT energy policy study is a "solarization" program, a logical follow-up to weatherization. Weatherization can reduce residential heating load to the point where solar energy can be a cost-effective space-heat source. Solar energy, often criticized as a plaything of the rich, instead is ideally suited for low-income people. Although the initial capital costs of solar energy are often substantial, the operating fuel costs can approach zero. If government programs subsidize the initial cost, solar energy systems can go a long way toward reducing low-income energy bills to manageable proportions.

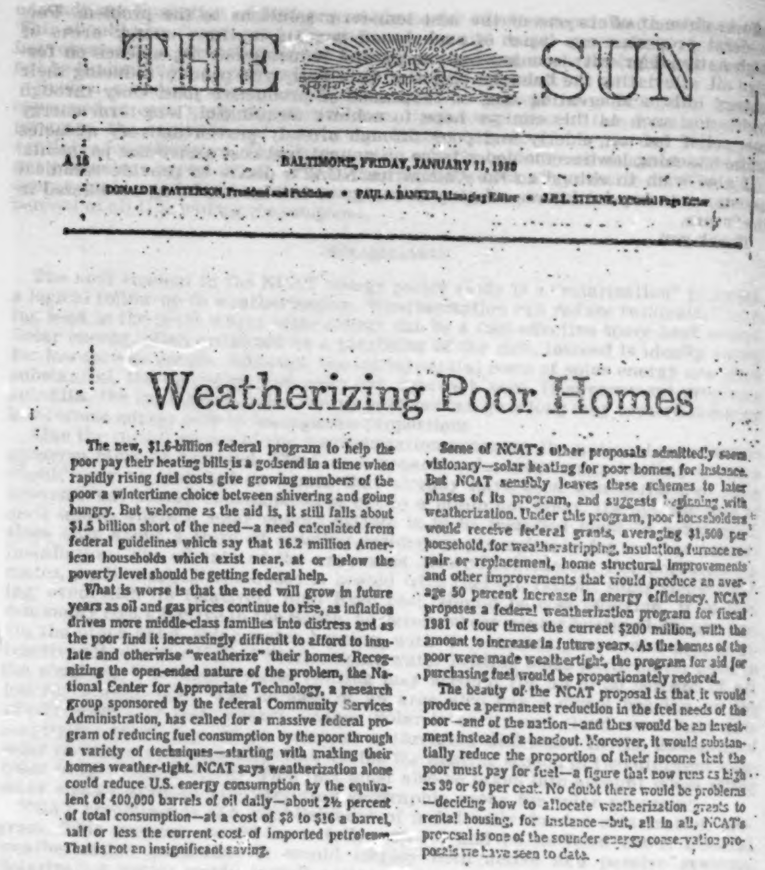
Like the initial stages of the weatherization program, the national solarization program must be targeted. First, as a general rule, solar space-heating systems should only be installed on homes that already have been weatherized so their conventional energy consumption is cut to a minimum. Next, the specific site of each house where a solar energy system is to be installed must be considered, since only about a third of existing residences are suitable for a solar retrofit installation. The climate of the area must also be considered. For northern climates, particularly if the house is heated with fuel oil, retrofit solar space heating, even with its relatively high fixed cost, should be cost effective. It is less commonly cost effective in the South, however, where winter heating bills are low. On the other hand, solar water heating, with its constant year-round use, is attractive all over the United States. Solar water heating looks particularly good in the southern U.S. where water heating may account for up to 50 percent of all heating energy used. The climate of an area also has a direct bearing on the effectiveness of a solar energy system. Solar intensity and cloud cover vary substantially—there may be as much as a threefold difference in the amounts of solar radiation reaching collectors during the heating season in two different locations in the United States. This fact must also be taken into account when siting solar energy systems and targeting geographic areas for solar programs.

NCAT recommends the establishment of a federally funded solarization program. This program would be a follow-up to, and be modeled after, Federal weatherization programs. It would employ both active and passive systems. Solarization crews would install active systems purchased by the government from commercial manufacturers. Preference would be given, where possible, to community-based solar manufacturers. Solar crews would both construct and install passive systems. The program would be initially funded at the $50-million level, with expenditures increasing with the capability of the industrial and labor base to absorb them. A national goal should be established to solarize five million low-income households within the next five years. For an average cost of $2,000 per installation, a reduction in post-weatherization energy consumption of at least 40 percent should be obtained through solarization. Thus, this program would save the equivalent of 65,000 barrels of oil per day at a cost at least one-third less than synthetic oil.

Mr. Chairman, it appears that our solutions coincide with many of those offered in H.R. 6619. It gives us great pleasure to provide scientific support to provisions of this legislation to establish a comprehensive energy conservation services program. This bill will give our indispensable low-income home weatherization program a much needed revamping and expansion. Mr. Chairman, it is difficult to overstate the importance of the Federal home weatherization program for low-income families. With fuel costs skyrocketing, elderly and poor households struggling for their health and survival, this weatherization and solarization program should be the counterpiece of Federal energy relief efforts since it offers one of the best long-term solutions to the problem. Few Federal programs can boast of such broad benefits in three energy areas of high national priority—conserving energy and reducing our dependence on foreign oil, alleviating the financial plight of the elderly and poor by reducing their energy bills, and creating tens of thousands of productive jobs. Only through legislation such as this can we hope to achieve meaningful, long-term energy cost relief for our elderly and poor through already proven delivery agencies while lessening low-income dependence on annual fuel cost assistance payments.

I also wish to extend to the Committee NCAT's desire to provide technical assistance to any initiatives relating to energy or low-income being considered in the future.

Thank you.



THE SUN

A 18 BALTIMORE, FRIDAY, JANUARY 11, 1980

DONALD H. PATTERSON, President and Publisher • PAUL A. BANKER, Managing Editor • J.R.L. STERNE, Editorial Page Editor

Weatherizing Poor Homes

The new, $1.6-billion federal program to help the poor pay their heating bills is a godsend in a time when rapidly rising fuel costs give growing numbers of the poor a wintertime choice between shivering and going hungry. But welcome as the aid is, it still falls about $1.5 billion short of the need—a need calculated from federal guidelines which say that 16.2 million American households which exist near, at or below the poverty level should be getting federal help.

What is worse is that the need will grow in future years as oil and gas prices continue to rise, as inflation drives more middle-class families into distress and as the poor find it increasingly difficult to afford to insulate and otherwise "weatherize" their homes. Recognizing the open-ended nature of the problem, the National Center for Appropriate Technology, a research group sponsored by the federal Community Services Administration, has called for a massive federal program of reducing fuel consumption by the poor through a variety of techniques—starting with making their homes weather-tight. NCAT says weatherization alone could reduce U.S. energy consumption by the equivalent of 400,000 barrels of oil daily—about 2½ percent of total consumption—at a cost of $8 to $16 a barrel, half or less the current cost of imported petroleum. That is not an insignificant saving.

Some of NCAT's other proposals admittedly seem visionary—solar heating for poor homes, for instance. But NCAT sensibly leaves these schemes to later phases of its program, and suggests beginning with weatherization. Under this program, poor householders would receive federal grants, averaging $1,500 per household, for weatherstripping, insulation, furnace repair or replacement, home structural improvements and other improvements that would produce an average 50 percent increase in energy efficiency. NCAT proposes a federal weatherization program for fiscal 1981 of four times the current $200 million, with the amount to increase in future years. As the homes of the poor were made weathertight, the program for aid for purchasing fuel would be proportionately reduced.

The beauty of the NCAT proposal is that it would produce a permanent reduction in the fuel needs of the poor—and of the nation—and thus would be an investment instead of a handout. Moreover, it would substantially reduce the proportion of their income that the poor must pay for fuel—a figure that now runs as high as 30 or 40 per cent. No doubt there would be problems—deciding how to allocate weatherization grants to rental housing, for instance—but, all in all, NCAT's proposal is one of the sounder energy conservation proposals we have seen to date.

DRAFT
COPY

Energy and the Poor: An Imperative for Action

A Policy Proposal by the National Center for Appropriate Technology

CONTENTS **PAGE**

Foreword 1
Executive Summary 2
1. Introduction 4
1.1 U.S. Energy Consumption Patterns 4
1.2 Energy Delivery Systems 7
2. Energy Consumption Problems 8
2.1 Distribution of Fossil Fuels 8
2.2 Finite Nature of Fossil Fuels 9
3. Energy Problems for Low-Income People 12
4. Potential Solutions 14
4.1 Income Transfer Programs 14
4.2 Large Scale Technologies 14
5. The Poor People's Option 16
6. The NCAT Energy Policy Proposal 20
6.1 Low Income Energy Assistance 20
6.2 Home Energy Conservation 20
6.2.1 Solarization 21
6.3 Transportation 23
6.4 Food 26
7. Conclusion 28
Footnotes 29
Bibliography 31

Edwin C. Kepler,
Executive Director

Anthony J. Maggiore, Jr.,
Chairman of the Board

December 1979

Prepared by John R. McBride, Deputy Director for Policy and Technology, with assistance from the NCAT technical staff.

The National Center for Appropriate Technology
P.O. Box 3838 / 3040 Continental Drive / Butte, Montana 59701
(406) 494-4572

This publication was prepared with funds provided by the Community Services Administration to fulfill a grant requirement. The opinions expressed herein are those of the authors and do not necessarily represent the views or policies of CSA.

Foreword

Public debate on important issues in the United States is often unequal. Persons in high places, organizations with large public relations budgets, and those in a position to influence the media can and do outmaneuver and outcommunicate the rest of the people, who lack the platforms, money and influence with which to amplify their voices. Current discussion of the energy crisis is a case in point.

The National Center for Appropriate Technology is issuing this document, its first formal public position paper, in the belief that the energy alternatives presented here are not receiving the attention they merit. If energy conservation measures and renewable energy technologies for poor people would, as we contend, by themselves yield approximately as much energy as the President's synfuels program — and do so at less cost — then they clearly represent an option that should become a matter of serious public policy discussion.

NCAT is an organization whose principal mission is to develop and transfer technologies that benefit the poor, but the arguments presented here have significance for people at all economic levels. The energy crisis does not impact all classes equally. It hits the poor the hardest. But, if it sinks our nation, rich and poor and all those of us in between will go down together.

The National Center does not offer this document as the complete or final argument for the viewpoints expressed here. We intend to follow with additional work that will further develop the data presented in this paper. We do hope, however, that this effort will serve to bring the energy debate, now underway in government and in the media, into better balance than appears to us to exist.

Edwin C. Kepler
Executive Director

Executive Summary

This report details the recommendations of the National Center for Appropriate Technology regarding the energy crisis facing low-income Americans. NCAT recommends a comprehensive program dealing with home heating, food, and transportation. The NCAT program is based on adopting natural energy systems and energy conservation as major sources of energy supply for low-income people. The proposals outlined here are projected to produce (save) the equivalent of 1.7 million barrels of petroleum per day at a cost significantly less than coal-derived synthetic crude oil.

The program also can be implemented immediately. Some new technologies for automobile efficiency retrofit are still in various stages of development and demonstration, but all other technologies utilized in the NCAT energy plan are readily available in the commercial marketplace today.

The basic principle on which all of the NCAT program recommendations are based is self-reliance. NCAT believes that through increased self-reliance, low-income people can both more closely meet their energy needs and attack the problems of poverty at the same time.

NCAT's "poor people's energy plan" includes the following program initiatives:

1. **A short-term program of "crisis intervention" payments to help low-income people pay their energy bills,** which would be phased out in future years as the energy load is picked up by conservation and renewable energy, and as fuel/utility bills are reduced to manageable levels.

   Without emergency assistance in cold-climate areas, low-income people who cannot pay their fuel bills will quite-literally freeze. A dollar spent for low-income emergency assistance pays for a quantity of fuel which is burned and temporarily keeps a poor person warm. It is used once; it cannot be recovered or used again. A dollar spent for conservation or solar energy, conversely, continues to supply new energy, day after day and year after year.

   The plan recommends boosting President Carter's low-income energy assistance program from $1.3 billion to $3.2 billion, and opening income-eligibility standards for the program to more households.

2. **A massive program to "weatherize" 16 million low-income homes** – one-fifth of the nation's housing stock – over five years, including substantial liberalization of spending limits and restrictions to permit optimal energy conservation measures to be taken for each home. The program, aimed at reducing the space and water-heating energy consumption of each residence by 50 percent or more, would be directed first toward areas where it is needed most – cold-climate regions such as the Northeast, where scarce and expensive fuel oil is a common source of heating fuel.

3. **A national program, designed as a follow-up to the weatherization program, to install solar space and water-heating systems on low-income residences.** Cost-effective solar and energy conservation measures also would be mandatory in all new public housing projects.

4. **Programs for "recycling" old automobiles, not only to make them more fuel-efficient but also to conserve the energy used in manufacturing them by greatly extending their useful life.** In addition, two to three million vehicles per year would be refitted to increase their fuel efficiency by at least 20 percent, and major development programs would be undertaken in both gasoline/alcohol blends (gasohol) and pure-alcohol motor fuels.

5. **Three major programs aimed at supplementing the food supplies and increasing the self-sufficiency of low-income people would be undertaken:** installing solar-reliant greenhouses; encouraging establishment of local community gardens; and decentralizing food production and distribution systems through establishment of local consumer and/or producer-operated cooperative food marketing systems.

The poor use less energy than the rest of us and pay a greater proportion of their income for it. Low-income people in cold climates commonly pay 30-40 percent of their incomes for fuel and utilities, while middle-income consumers in the same regions spend only about 7-10 percent. Yet, the poor and near-poor use far less energy per capita than do more affluent segments of society.

And the costs of energy-intensive necessities like food and transportation pose equally distressing problems for the poor. Escalating food prices dictated by mechanized food production, processing and distribution systems, as well as the appetites of gas-guzzling older cars they can afford, place low-income people at ever-greater economic disadvantage.

A transition to renewable energy is necessary if low-income people are to break away from continually increasing energy costs. The time for this necessary transition is now, while it can be rationally planned and while fossil fuels are still available to bridge the transition, not at some time in the future when many currently available options have been foreclosed.

[illegible] to the Energy Crisis

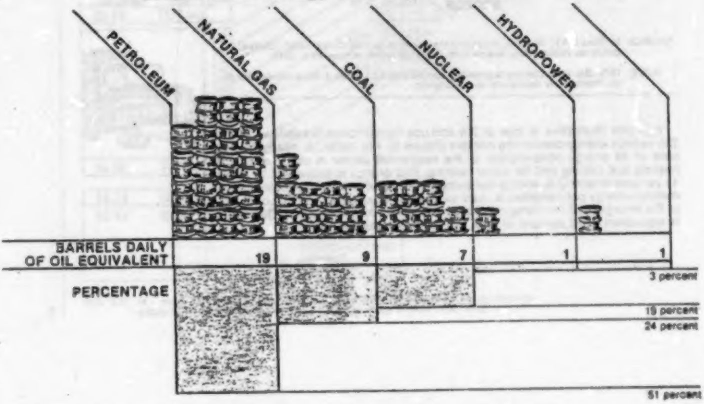
The "energy crisis," initially brought to the American public's attention through the Arab oil embargo during the winter of 1973-74, and further reinforced by the Iranian oil curtailment and widespread gasoline lines in the spring of 1979, may well be one of the most difficult long-term problems ever faced by our society. It could entail a major reordering of the way we live and do business before it is brought under control. The energy crisis also affects some parts of our society more than others. Low-income people are faced with an almost impossible situation because of both rapidly escalating fuel prices and the potential unavailability of certain fuels on which they rely heavily. The energy crisis, often scoffed at or downplayed as merely a "dilemma," is truly a crisis. It is a crisis that demands immediate action, particularly as it relates to the nation's low-income population. However, before specific action is recommended, it is important to understand how we arrived at this situation.

1.1 U.S. Energy Consumption Patterns

In 1977, Americans' per capita energy consumption was approximately 350 million Btu's per year.[1] This amount of energy is equivalent to 62.5 barrels of oil per year for every person in the United States. Since 1950, energy consumption has been growing at an annual rate of anywhere from 3 to 4 percent per year.[2] At that rate of increase, national energy consumption nearly doubles in 20 years. It should be noted that President Carter's initial 1977 energy plan, with conservation as its "cornerstone," only called for a reduction in this growth rate to about 2 percent per year.[3] Hence, based on historic energy consumption patterns, our national energy plans have been and are currently based on supplying ever-greater quantities of energy.

How does this constantly increasing amount of energy flow through our society? A breakdown of the current United States energy consumption is given in Figure 1. As can be seen from this figure, two energy sources — petroleum and natural gas — comprise 75 percent of our national energy use. With the inclusion of coal, it can be seen that the U.S. is 93 percent dependent on fossil fuels.

Figure 1 United States Energy Consumption - 1977



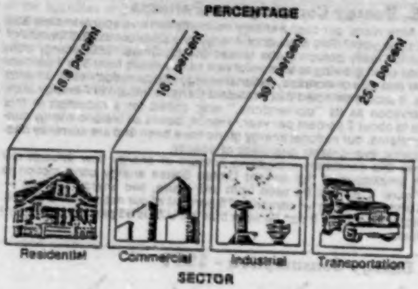
SOURCE: Stobaugh, Robert and Daniel Yergin, "After the Second Shock: Pragmatic Energy Strategies", *Foreign Affairs*, Spring 1979, pp 836-871.

While energy consumption has been extremely dependent on fossil fuels for many decades, consumption patterns for the various fuels have shifted dramatically. Only 50 years ago, 80 percent of the world's commercial energy came from coal and only 16 percent from petroleum and natural gas.[4] As late as the end of the Second World War, coal provided about one-half of America's energy supply.[5] The dramatic shift to an ever increasing dependence on petroleum and natural gas has occurred in the past 30 years.

As Figure 2 indicates, industry is the largest single energy-consuming sector in the United States. Industry consumes more energy than the residential and commercial sectors combined. Transportation is also a major energy consumer, using more than a quarter of the total energy consumed in the U.S. for direct motor fuel use alone. If we add in the energy used to manufacture and maintain vehicles, to build and maintain highways, and all the other indirect uses of energy related to transportation that are attributed to other energy-consuming sectors, transportation accounts for almost 42 percent of all energy use in the United States, and is the largest single energy-consuming sector.[6,7]

United States Sectorial Energy Consumption – 1973

Figure 2

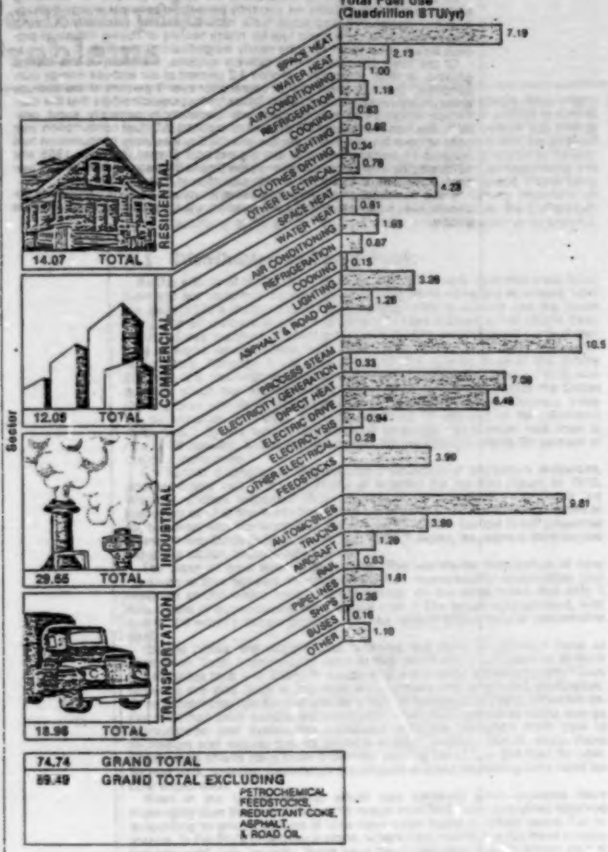


SOURCE: M. Ross & R.H. Williams, *Assessing the Potential for Fuel Conservation*, (Buffalo: Institute for Public Policy Alternatives, State University of New York, 1975).

NOTE: *1973 data are presented to provide a comparison with Figure 3. More recent data do not indicate any substantial sectoral shifts.*

It is also illustrative to look at the end-use consumption breakdown within the various energy-consuming sectors (Figure 3). For instance, nearly 75 percent of all energy consumption in the residential sector is used for space heating and cooling and for water heating. This energy is equivalent to about 14 percent of total U.S. energy consumption. Similarly, more than half of commercial energy consumption is used for this same purpose. And just over half of the energy used for transportation is consumed by automobiles. This again is equivalent to 13 percent of total U.S. energy consumption.

Figure 3 **1973 U.S. Primary Energy Consumption By End Use**



SOURCE: M. Ross & R.H. Williams. *Assessing the Potential for Fuel Conservation.* (Buffalo: Institute for Public Policy Alternatives, State University of New York, 1975.

1.3 Energy Delivery Systems

Finally, it is important to understand the systems utilized for delivering energy. In the United States we currently have three principal energy delivery systems: petroleum-based liquid fuels, natural gas, and electricity. A fourth energy delivery system, solid fuel for space heating or raising industrial process steam, is so small as to be nearly insignificant at this time.

Of the three principal energy delivery systems, electricity is the fastest growing. In 1950, electricity supplied 3.2 percent of our end-use energy consumption.[8] By 1973, electricity accounted for over 9 percent of the end-use energy consumption in the United States.[9] When one considers that the conversion efficiency of various fuels into electiricty is generally about one-third, this means that over 27 percent of our total U.S. fuel consumption was used to generate electricity. By the late 1970's, electricity consumption had reached 11 percent, and was still increasing.[10] Overall, between 1955 and 1975, electric energy consumption in the United States increased by 210 percent, equivalent to an annual growth rate of over 7 percent per year.

These consumption patterns and delivery systems become particularly important later when we analyze the specific energy problems of low-income people.

2 Energy Consumption Problems

The preceding analysis points out a number of interesting facts. Most importantly it demonstrates that our current energy consumption pattern is almost totally dependent on fossil fuels. As has been noted, 75 percent of U.S. energy consumption is derived from petroleum and natural gas, and with the addition of coal, a total of 93 percent of our energy consumption is fossil-fuel based.

Since United States energy consumption is so dependent on fossil fuels, it is imperative that the characterisitics of these fuels be understood. Fossil fuels, like most mineral resources, have in common two extremely important attributes: they are finite, and they are unevenly distributed over the surface (actually subsurface) of the earth.[11] Each of these characteristics merits analysis.

2.1 Distribution of Fossil Fuels

As the effects of the Arab oil embargo of 1973 clearly demonstrated, fossil fuels are not uniformly distributed. According to oil company estimates from the early 1970's (before recent major discoveries in Mexico and the North Sea), over 50 percent of known oil reserves were located in the Middle East. United States reserves, including those in Alaska, accounted for only 5 percent of world reserve totals.[12] Oil production, on the other hand, tells a different story. Although it has only one-tenth the reserve base of the Middle East, the U.S. has historically been the world's largest oil producer.[13] (U.S. production, which has been declining since 1970, now ranks behind the Soviet Union.) Even with its large domestic oil production, the United States is a major oil importer. In 1950, the U.S. imported 10 percent of its petroleum resources.[14] By the time of the Arab oil embargo, this number had risen to nearly 30 percent, and today the United States imports nearly 50 percent of the oil it consumes.

For further examples of the unequal distribution of petroleum resources, one need only look at the situations of western Europe and Japan. In 1970, Western Europe imported 95.5 percent of its petroleum. Only with the discovery of oil in the North Sea in the early 1970's has this situation eased at all, but even with the North Sea discoveries, Western Europe is still projected to import two-thirds of its oil in the year 2000.[15] Japan, the world's third-largest industrial nation, imports *all* of its oil.

The case of coal also is illustrative. The worldwide distribution of coal reserves is also skewed. North America has economically recoverable coal reserves of 255 billion tons; South America, on the other hand, has only 2 billion tons of economically recoverable coal.[16] The Indian subcontinent, with one of the world's largest populations, has only 12 billion tons of recoverable coal.

On the whole, the world's coal reserves are much larger than those of petroleum. Total economically recoverable worldwide coal reserves amount to 740 billion tons — a 200-year supply at current rates of consumption.[17] Coal reserves are also likely to increase substantially with expanded exploration. Even though coal has been in use as a fuel for hundreds of years, little coal exploration has been conducted worldwide. The major growth in world energy consumption and exploration coincided with the transition from coal to petroleum and natural gas as primary energy sources. Hence, much more widespread efforts have been expended looking for oil and gas than for coal. By and large, modern exploration techniques are just beginning to be used for coal exploration.

Even in the United States, which has certainly been explored more thoroughly than the rest of the world, major coal fields with economic reserves amounting to tens of billions of tons have been found in recent years. For instance, in the State of Montana alone, where coal mining has not been a major industry until very recently, there have been identified over 40 billion tons of strippable coal, three times the known reserves of the Indian subcontinent.

These limited examples are illustrative of the importance of the unequal distribution of fossil fuels. Some nations are bountifully supplied with fossil fuels; others have none. Resource cartels such as the Organization of Petroleum Exporting Countries (OPEC), which depend on this unequal distribution, are likely to become even more prevalent in the future as fuel resources are depleted. When we note the extraordinary dependence of industrialized society, including the United States, on imported oil, the potential impacts of cartels such as OPEC are enormous.

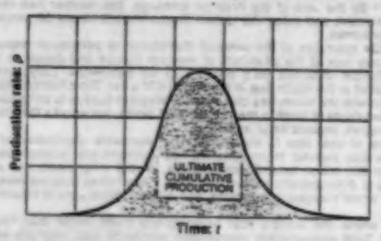
2.2 Finite Nature of Fossil Fuels

There is a limit to the amount of fossil fuels that can be extracted from the earth. Conceivably, someday the last barrel of oil will be recovered and the last pound of coal will be mined. But there is a fact derived from the finite nature of fossil fuels that is far more important; that is the inevitable reality that as fossil fuels are depleted, they will become more and more expensive. This important characteristic of non-renewable resources, forcefully described by Barry Commoner in his book, *The Politics of Energy*, requires further explanation.[6]

The production level of a fossil fuel generally follows a bell-shaped curve as shown in Figure 4. After discovery, production rates will increase with time until a maximum rate is reached, followed by a period of decline. As the rate of production of the fuel reaches a maximum and begins to decline, the unit costs of production will begin to increase dramatically as the fuel becomes more difficult to recover.

Figure 4

Full Cycle of Production of a Finite Non-Renewable Resource



SOURCE: Committee on Resources and Man, National Academy of Sciences — National Research Council, *Resources and Man*. San Francisco, California: W.H. Freeman and Company, 1969.

An analogy borrowed from Commoner may help explain this concept.[illegible] Let us consider a crop of mushrooms in a forest. Let us also assume that the last rains of the fall have occurred so that no more mushrooms are likely to grow and the crop may be considered non-renewable. Let us finally assume that a youth is hired at a fixed rate per hour to harvest the mushrooms. The first time through the forest, mushrooms are relatively abundant and many mushrooms are picked per hour, providing a low unit cost. The next time through the forest, however, the mushroom patch has already been picked over and mushrooms are much more scarce. Far fewer mushrooms are found this time, per unit of time invested. Thus, the unit cost per mushroom must increase. Subsequent searches provide fewer and fewer mushrooms at a higher and higher unit cost. Mushrooms will become prohibitively expensive, long before the last one is found and the resource totally depleted.

The same situation is true for fossil fuels. Petroleum was first produced from seeps that ran from the ground. The first relatively shallow oil wells were drilled on the basis of surface indications of oil. As production rates increased, more and more oil was discovered with very little effort and very low production costs. But, unfortunately, this situation of abundance could not last forever. In a frantic period of less than 50 years, essentially all of the easily discovered oil was found.

United States oil production peaked in 1970, and has been declining ever since. While oil delivery through the Alaska pipeline will stem this decline for a few years, long-term prospects are bleak. Since 1973, the quantity of new U.S. reserves discovered annually has been far less than annual oil production. U.S. oil reserves are now at their lowest level since 1952.[illegible] New exploration is now concentrating in more and more remote areas such as the North Slope of Alaska and the offshore Atlantic coast. Thus, production costs for newly discovered oil are rapidly increasing. Other new techniques such as secondary and tertiary recovery of hard-to-extract oil from existing wells also are being employed with more frequency as oil prices continue to increase. These techniques do nothing to lower unit oil production costs, however. While most geologists and resource analysts are cautious about predicting the extent of our remaining oil resources, it is patently clear that the days of petroleum as the principal U.S. energy source are numbered. By 1985, U.S. oil production from resources existing in 1978 may be only half of what it is today.[illegible] Today's prices will seem low in comparison to the price of 1985 oil.

The world is running out of petroleum. But the extremely high cost of recovering what petroleum remains will drive society to search for alternatives long before it actually runs out. Existing petroleum prices are forcing poor people to search right now.

Since petroleum and natural gas currently account for 75 percent of our energy consumption, and since reserves of both are dwindling and prices rapidly increasing, there has been considerable research and discussion recently regarding alternative fuels. A great deal of attention has been focused on both coal and nuclear power.

Coal is currently used mainly to raise steam for the generation of electricity. Other uses, such as direct combustion for space heating, industrial steam and coke production for steel manufacture, are minor in comparison. However, coal can be converted into synthetic natural gas or crude oil. Thus, coal production could be substantially increased and used to supplement our existing energy delivery systems with coal-derived synthetic fuels.

Uranium as an energy source, on the other hand, is used solely for the generation of electricity. Uranium that is fissioned in a controlled nuclear reaction generates heat which is used to raise steam which in turn is used to generate electricity. Unlike coal, uranium cannot be converted into other synthetic fuels; it is useful only as a heat source.

Both coal and naturally occurring uranium are non-renewable resources. Both are finite, and both are non-uniformly distributed. Hence, both are subject to the same inevitable price increases that we are experiencing with petroleum and natural gas today. While today coal reserves appear to be enormous and would last for hundreds of years at *current rates of consumption*, they will not seem so enormous at the greatly explanded rate of production required to sustain even current demand for liquid and gaseous fuels through synthetic fuels derived from coal. Such conversion will call for a several-fold increase in coal production. Conventional uranium resources are already severely limited. Before the recent "collapse" of the U.S. nuclear power program, some estimates placed the world-wide availebility lifetime for naturally occurring, inexpensively recoverable uranium at less than 100 years.[illegible] Uranium already is experiencing the dramatic price increases predicted by the resource depletion model.

A massive conversion to either coal or present-generation nuclear technologies is simply postponing the inevitable. They will be subject to the same supply-dependent price increases that we are today experiencing with petroleum and natural gas. By converting our economy to run on coal supplemented by conventional nuclear reactors, we are simply postponing the energy crisis that our children now face to our grandchildren and great-grandchildren. Unfortunately, they will face much more severe crises than the present one. They will not have the alternative of switching to coal for fuel. Gone also will be the fossil fuel resource base that could be used for plastics, petrochemicals, pharmaceuticals, and other important societal uses. *A transition to a renewable energy based society is inevitable. The time for this inevitable transition is now, while it can be rationally planned and while fossil fuels are still available to bridge the transition, not at some time in the future when many currently available options have been foreclosed.*

3

Energy Problems for Low-Income People

Poor people were aware of the energy crisis long before the rest of the nation began feeling the pinch in home energy bills, at the gas pump, and elsewhere. Even in 1973, before the energy crisis, the poor and near-poor used less energy in their daily lives than the rest of society.[25] Today, in the face of six years of rapidly increasing prices and fuel shortages, the energy situation faced by poor people is much more grave. Today in America there are 16 million low-income households. In northern climates these low-income people may spend 30 to 40 percent of their incomes for fuel and utilities. In comparison, middle-income people in the same climates would spend 7 to 10 percent of their income on fuel and utility bills.[26]

Thus, the poor use less energy than the rest of us and pay a greater proportion of their income for it. For example, the wealthiest 10 percent of American households consume as much gasoline as the 20 percent of American households with the lowest incomes.[27] Low-income Americans use energy for necessities — space and water heating, lights and a few appliances, food and transportation. Even though low-income energy use is limited mainly to essentials, in many cases (because of declining block rate structures which charge lower unit prices for natural gas and electricity as consumption increases) low-income people pay more per unit for the lesser amounts of energy they do use.

As was noted in Figure 1, residential energy consumption accounts for almost 20 percent of total United States energy consumption. In cold climates, the necessities of space and water heating alone can account for up to 90 percent of this total. As shown in Figure 5, a majority of low-income people (54 percent) reside in single-family detached houses, the most energy consumptive form of housing. Just over half (55 percent) of all low-income households are renters. Nearly all middle-income and wealthy households have central heating, yet fully one-third of low-income households do not have central heat.[28] Also, some 39 percent of low-income households lack temperature controls on their heating systems.

Figure 5

Type of Housing Occupied by Low-Income Households in U.S. Compared to Upper Middle and High-Income Households, 1975

TYPE OF HOUSING	INCOME		
	Low-Income	$14,000-$25,000	$25,500 or more
	(Percent of Households)		
All Households	100 percent	100 percent	100 percent
Single-family detached	54	78	87
Single-family attached	6	7	4
Mobile homes	6	4	1
Apartments – 8 units or less	22	6	3
Apartments – 9 units or more	11	5	3

SOURCE: Washington Center for Metropolitan Studies. National Survey of Household Energy Use, 1975. In: Grier, Eunice S., *Colder...Darker*. Washington, D.C.: Community Services Administration, 1977.

Low-income people are disproportionately located in rural areas (42 percent) and in central cities (39 percent).[29] Almost 50 percent of all low-income people live in the North Central and Northeast regions of the country which experience cold winter weather. In general, these statistics demonstrate that very substantial numbers of low-income people live in areas with severe climate and correspondingly high energy consumption, in housing that is inadequate to meet basic needs for warmth and comfort. These statistics also demonstrate that substantial energy savings can be accomplished by improving the quality and energy efficiency of low-income housing stock.

The soaring cost of food with its direct energy link, also has a major impact on poor people's lives. Low-income people currently spend upwards of 30 percent of their income on food, compared with a national average of 17 percent.[30] [31] The costs of producing food have also soared, leaving many small farmers in serious economic condition. Since 1950, over 3 million farmers have gone out of business. This leaves only 2.7 million farmers (1.5 percent of U.S. population) supplying food to the rest of the nation.[32] Many of these farmers are low-income people themselves. Only 6 percent of the increase in-food prices between 1954 and 1974 went to the farmer, according the U.S. Department of Agriculture statistics. The remaining 94 percent went to food processors, marketers, and distributors. Food processing and distribution are both energy-intensive activities; and, as the costs of the fossil fuels used by these industries increases, food prices increase that much more. According to *Business Week*, higher fuel costs in food processing and distribution have added $800 million (0.4 percent) to U.S. food bills in the first six months of 1979.[33] The U.S. food production, processing, and distribution system now accounts for 16.5 percent of our total energy budget.[34]

Increasing energy costs also have an important impact on the costs of farm production. The rapid decrease in family farming has been coupled with a very significant increase in corporate mechanized farming. As the scale of farm activity increases, so does its energy-intensiveness.[35] [36] Corporate farming today depends on mechanized equipment and petrochemical-based fertilizers and pesticides. Every increase in fuel costs thus has a direct impact on the cost of food production. Hence, low-income people are struck once again by the impact of increasing energy costs.

The final major area of low-income energy consumption is transportation. Personal automobiles account for about 13 percent of all U.S. energy use.[37] In 1976 there were 111 million personal vehicles registered in the United States and 153.5 million people of driving age, resulting in a vehicle to potentially eligible driver ratio of 71 percent.[38] Even though the automobile thus seems to be the symbol of American society, *half of all low-income households* did not even own an automobile in 1975.[39] Nearly two-thirds of low-income households in central-city areas did not own an automobile, as compared with 40 percent of low-income families in rural areas.[40]

The cars owned by low-income people are generally similar to but older than those of the rest of the population. Only in the area of sub-compact and compact cars is there a slight difference in the distribution of motor vehicles among income levels. Low-income people drive fewer small cars; presumably not enough time has transpired since rising gasoline prices began to affect car buyer's tastes for smaller cars to trickle down to second-hand buyers in large numbers. Low-income households with cars generally drive them much less than the rest of the population. Over half of all low-income people who own cars, drive them less than 5,000 miles per year, as compared to 10 percent or less of middle or upper income owners.[41]

It is clear from this analysis that low-income people face major problems in the energy-related areas of home energy, food, and transportation. In analyzing these sectors it is apparent that more elasticity exists in the transportation area than in either food or housing. Low-income people, while they undoubtedly have cut consumption to a minimum, cannot do without food or heat for their homes. Surprisingly, however, a large number of low-income people seem to do without personal transportation. While this must be a major inconvenience to many low-income people, they somehow seam to get by. Nevertheless, an integrated approach to the energy problems of the poor cannot slight transportation. Personal transportation may in fact be critical to improvement in the quality of many poor people's lives, since it provides access to expanded employment possibilities.

4 Potential Solutions

There are at least three basic ways to address the energy problems of low-income people. Income-transfer programs have been established to help low-income people pay for increased energy costs. Traditional, large scale technologies might also be developed which could provide poor people with lower-cost food and fuel through some yet-to-be-discovered innovation or technological change. Finally, poor people can be provided with technologies that will produce increased self-sufficiency accompanied by lower food and fuel bills. Each of these options will be explored in detail in this section.

4.1 Income Transfer Programs

The concept of income transfer payments is not new. Welfare payments of one sort or another at various levels of government have been in existence at least since the Depression era. The idea of transfer payments for specific commodities is not novel either. The Food Stamp program, operated by the U.S. Department of Agriculture, has been in existence since the late 1960's. It has only been in the last few years, however, that income transfer programs for energy payments have been considered or implemented. In the past several years, several hundred million dollars in "crisis intervention" payments have been distributed by the Community Services Administration, the Federal antipoverty agency. Crisis intervention payments are made to utility companies and fuel oil dealers on behalf of low-income individuals who are behind in their utility payments and face service curtailments. Recently, suggestions have been made that the crisis intervention program could be administered like the Food Stamp program through issuance of "Energy Stamps."

The need for an energy-related income transfer program has recently been analyzed by a committee sponsored by the Department of Energy.[42] This committee identified 16.2 million households which were deemed eligible to receive low-income energy assistance payments. Eligible households were considered by this committee to be those within 125 percent of Federal poverty guidelines which spend 10 percent or more of their annual income on energy. Elderly were included in the program if they were within 150 percent of the guidelines. The magnitude of the energy problem faced by low-income people is demonstrated by the size of the program envisioned. The committee recommended that a total of $3.2 billion be allocated for the program, assuming a 75 percent participation level. With fuel oil prices already reaching 90 cents per gallon in New England, and absolute fuel oil shortages predicted for some areas, this need is hard to deny.

4.2 Large-Scale Technologies

Another approach to the energy problems of low-income people is to call on technological change to produce food, fuel, and transportation at lower costs. Large-scale centralized technologies, in theory, could perhaps achieve cost reduction so that low-income people might better be able to afford the cost of these essentials. Significant price reductions resulting from technological innovation have taken place in other fields, for example, the computer industry.

Unfortunately, no such cost breakthrough is likely in the energy industry.[43] In fact, it is often the case that new energy technologies become more expensive rather than less so as they are developed and brought into the commercial marketplace. Nuclear power is a good example of this phenomenon. In the early 1950's, when nuclear power was first being proposed and initial development began to take place, scientists predicted that nuclear electric power would be "too cheap to meter." Today no one can really project just how much nuclear power from a new generator will cost. We do know, however, that it will be expensive. In fact, nuclear power development has almost ground to a halt, at least in part because of the unexpectedly high cost of the power delivered. Now advanced forms of nuclear generation, such as breeder reactors and fusion power, still far from commercial development, are being predicted as low-cost future energy sources. But, the negative experience with conventional nuclear power has caused most energy analysts to be skeptical.

One need only remember that our current energy economy is almost totally based on fossil fuels to be skeptical of technical innovation resulting in lower fuel and food costs. Fossil fuels, like all non-renewable resources, are projected to increase rather than decrease in price in the future. While new technologies are now being developed which will permit more petroleum and natural gas to be recovered from existing wells, these technologies won't produce enough to offset the overall decline in production. These technologies, no matter how much they produce, also will not be cheap. Nor will new oil or gas discoveries, since new exploration seems to be focusing almost totally on technically difficult environments such as Alaska and the offshore Atlantic coast. Most resource analysts agree that there simply will not be any cost breakthroughs on the future production costs of oil and natural gas.

Coal, the last readily available fossil fuel, is also being forecasted as a major new replacement for petroleum and natural gas. Technologies are in various stages of development which would convert coal into synthetic crude oil and natural gas. The commercial technology for coal liquefaction is already in place. German scientists began developing a coal liquefaction process before World War I and continued development through the 1920's. By 1939, the Germans had seven plants in existence, and during World War II German production rose to over 100,000 barrels per day.[44] Germany, however, has produced no coal-derived synthetic oil since World War II. The South Africans do have one commercial coal liquefaction plant based on German technology in operation at the present time, and another much larger plant is under construction. But, both the South African and German coal liquefaction processes are thermally inefficient and are unlikely to be competitive in the U.S.

High-Btu coal gasification is not in commercial development at the present time. While coal gasification processes producing low-Btu gas have been in existence for over 100 years and were actually quite common years ago, the high-Btu (methanation) process is not commercially available. It has been demonstrated at the bench and pilot scale but not in full commercial operation. Commercial coal gasification plants have been planned since the early 1970's, but none has yet been built due to both technical and economic difficulties.

Neither coal gasification nor liquefaction will be inexpensive. Nor will the production of synthetic crude from oil shale, a third energy source/technology commonly mentioned as an alternative liquid fuel. In the early 1970's, when natural gas was selling for $1.00 or less per million Btu, synthetic natural gas was expected to cost around $3.00 per million Btu. Now that natural gas is selling for $3.00 per million Btu, synthetic gas is estimated to cost in the range of $6.00 or more per million Btu. This is equivalent to $29-$37 per barrel of oil, substantially more than the current OPEC price.[45] This price increase is more than an inflationary increase — it reflects sounder technical judgment, as more and more effort is focused on bringing the coal-derived synthetic crude process from bench scale to commercialization. Similarly, oil from oil shale is projected to cost $16-$26 or more per barrel, and syncrude from coal is estimated to come in at over $30 per barrel.[46] These estimates are also up substantially from the early 1970's. While the price of synthetic oil and gas produced from coal has not yet been affected by the inevitable price increase due to resource depletion, it remains at the outset of its development a very expensive technology. It is fallacious to assume that coal will produce inexpensive substitute liquid and gaseous fuels in the future. *For poor people this means facing the prospect of fuel bills that will increase in the future as rapidly as they have in the past few years. And poor people's food bills, which are inextricably linked to energy costs, will reflect the same upward trend.*

5 The Poor People's Option

What options, then, are left for poor people? We have already demonstrated that the costs of a low-income energy assistance program are staggering, and that there are not likely to be any technological innovations on the horizon which will dramatically lower food and fuel costs. The answer to the question is a third option, *a poor people's energy plan.*

Poor people are poor in part because they lack the resources to be self-reliant. In one sense, nearly everyone in Western society is poor. Our society is rapidly devolving to a point where everyone is dependent upon highly centralized systems to deliver the necessities of life. The wealthy, where they lack self-reliance, use their disposable incomes to buy what they need. Poor people unfortunately do not have this option. They lack the tools and the skills for self-sufficiency, as well as the capital resources to purchase what they can't provide for themselves.

What is the poor people's energy option? It is to break away from current practice and adopt technologies which result in lower food and fuel bills by increasing self-reliance. Numerous energy technologies are already well proven and widely available which can help them become less dependent on centralized energy systems they cannot afford.

Among the major issues related to a poor people's energy option are scale and centralization. Large-scale centralized technologies inhibit self-sefficiency. As energy technologies become larger, they become more and more remote and insensitive to public needs — especially those of poor people. Poor people either pay their bills or lose their access to fuels or utility services. They have very little control over their energy-delivery systems as they exist today.

Only 100 years ago, individual energy delivery systems were the order of the day. Centralized energy delivery systems were largely unheard of, except for a very few steam heat and illuminating gas plants. The first centralized electric generating plants were just coming into existence. Even 50 years ago centralized electric generating and steam heating plants were usually serving only a few hundred customers each. Only in the past 30-40 years have "mega"-scaled energy delivery systems been put in place. Now, power stations delivering electricity to 100,000 homes from a single plant are commonplace.

The point here is not to debate the question of scale. There are clear economies of scale in electric power generation, and in other forms of energy production, although some analysts believe that the limit of these economies has been reached and exceeded.[illegible] Some central-station power generation is a necessity now and will likely be so for a long time in the future. What is clear, however, is the incompatibility of self-reliance and mega-scaled centralized energy generation. Since poverty means the lack of self-reliance and/or the capital necessary to circumvent the need for self-reliance, then *a poor people's energy policy should promote technologies that increase self-reliance and hence, of necessity, must reduce dependence on centralized energy delivery systems. The principle of self-reliance thus becomes the "cornerstone" of a poor people's energy policy.*

There are two energy delivery systems, scarcely utilized in the last 100 years, which can be called upon to promote self-reliance. These are the utilization of energy conservation and natural energy flows. Both of these energy delivery systems need to be clearly defined. Energy conservation is nothing more complicated than the efficient use of energy. Energy conservation does not necessarily imply curtailment: We do not propose to reduce poor people's energy bills by letting them freeze. When energy conservation is viewed as using energy efficiently, it can be looked upon as a *source* of energy supply just like new electric plants or natural gas wells. A Btu saved through heating a house more efficiently can be used to heat someone else's house. A Btu is a Btu: No one can tell the difference between energy efficiently conserved and thus made available for some other use, and energy produced from new sources. It is important to bear in mind, however, that every Btu conserved replaces a Btu that would otherwise have to be supplied by a much more expensive new energy source.

Natural energy systems, on the other hand, are a neglected source of new energy supplies. Natural energy systems capture the renewable, diffuse energy flows that result from the sun's radiation, from the gravitational attraction between the earth and the moon, and from the energy generated in the interior of the earth. Unlike fossil fuels and uranium, natural energy flows are accessible in large quantities everywhere. Natural energy systems, as they are available today, are commonly diverse and small in scale. They are much more adaptable to the home and community level than are giant nuclear, gas, and coal-derived energy systems. Natural energy systems also are often referred to as alternative energy systems or as solar, wind, biomass, tidal, and geothermal energy.

Two other major issues which must be addressed in developing an energy policy tailored to low-income people are the cost and the economic impact of the technologies employed. Here again, the technologies to conserve energy and tap solar and other natural energy sources are attractive.

Solar energy and conservation both deliver energy more cheaply and create more jobs than many current large-scale energy sources. Some approximate prices of delivered energy for several systems are shown in Figure 6. It can be seen that *improved end-use efficiency for space heating (energy conservation) is the lowest-cost energy technology available.* Various solar technologies also are economically attractive, particularly when compared with synthetic fuels or nuclear power.

Figure 6

Approximate Prices of Delivered Energy From Various U.S. Energy Systems

TYPE	SYSTEM	ENERGY PRICE $/bbl CRUDE OIL EQUIVALENT (1976)
RAW FUELS	NATURAL GAS	11
	COAL	12
	NO. 2 FUEL OIL	16
	PROPANE	25
	TAXED REGULAR GASOLINE	31
	ELECTRICITY	51
SPACE HEAT	IMPROVED END-USE EFFICIENCY	0-8
	100 PERCENT SOLAR (NEIGHBORHOOD)	7-14
	NATURAL GAS	16
	NO. 2 FUEL OIL	[illegible]
	100 PERCENT SOLAR (HOUSE)	16-24
	HIGH BTU SYNGAS	29-37
	LIGHT WATER NUCLEAR REACTOR (LWR)/ RESISTIVE HEATING	101
PROCESS HEAT	COAL	16
	HIGH-BTU SYNGAS	38
	300° C WINSTON SOLAR	43
FLUID FUELS	BIOCONVERSION	8-28
ELECTRICITY	MICROHYDROELECTRIC	10-46
	SOLAR POND AND RANKINE ENGINE	40
	WIND	61-100

SOURCE: Adapted from Lovins, Amory B. "Soft Technologies", in *Annual Review of Energy*, vol. 8, 1978. Palo Alto, California: Annual Reviews, Inc., 1979.

17

Energy conservation, or efficient energy use, as can be seen in Figure 6, is clearly the most economically attractive source of energy available in the U.S. today. There is a great deal of flexibility in how much energy is used or actually needed to perform a particular task. In the past there was very little consideration given to how much energy was consumed for a particular purpose. Energy was cheap and usually was only a small fraction of manufacturing or transportation costs or even a family's budget. Thus we have inherited an energy inefficient economy; but, fortunately one in which a great deal of energy can be supplied through improved efficiency at a reasonable cost. In fact, Roger Sant, formerly Federal Energy Administration assistant administrator for conservation, has calculated that a $220 billion capital investment for conservation would be cost-effective at *today's* marginal costs of energy.[48] This expenditure could result in energy savings of up to the equivalent of 10 million barrels of oil per day.

New technology is, by and large, not required to implement solar energy systems applicable to low-income people's needs. In fact, solar space and water heating, which are directly applicable to low-income people's needs, are the most technically mature of the on-site solar technologies. Solar heating is really not a new technology at all. By adopting solar heating, society is returning to a path it abandoned only in the last several decades. For new construction, passive solar design with its emphasis on proper building orientation, south-facing glazing and substantial thermal mass, should not add appreciably to building costs.[49] Thus, through passive design, substantial solar heating can be accomplished at extremely low cost.

For existing dwellings, where the nation's 16 million low-income families reside, there are retrofit solar space and water heating technologies. While the capital costs for these systems are often substantial (over $1,500 for a commercial solar hot water heater, over $5,000 for a space heating system) they will pay for themselves in only a few years. In fact, using worst-case assumptions, the rate of return on investment in a solar heating system is still as good as a high-quality corporate bond.[50]

The job creating potential of solar and energy conservation is well documented. Even the Bonneville Power Administration, one of the largest centralized utilities in the United States, admits that high-impact energy conservation programs create more jobs than building new power plants to generate an equivalent amount of energy.[51] The Council on Economic Priorities, a non-profit social and economic research group, recently conducted an analysis of the economic and employment impact of spending $6 billion in the Long Island, New York area on solar and energy conservation or an equivalent amount on nuclear power plants.[52] The study findings indicate that solar and conservation would create three times as many jobs as the nuclear power option.

With the evidence mounting in favor of natural energy systems and conservation as economical energy sources, why then aren't they given more prominence in our national energy policy? While the rhetoric is there, the funding and other necessary support are not. In his 1977 energy speech, President Carter called for conservation to be the "cornerstone" of his energy policy, and the President again recently called on solar energy to meet 20 percent of our nation's energy needs by the year 2000. But why aren't these goals accompanied by major program initiatives? Why are there no multi-billion dollar conservation and renewable energy programs, and a Presidential commission with authority to clear roadblocks in the path of conservation and renewable energy development? Instead, priority is given to an $88-billion, 10-year federal program to subsidize the development of expensive synthetic fuels, and a proposed presidential commission with the authority to expedite the development of large-scale energy facilities. Accompanying these programs is an executive branch cutback of the Department of Energy's 1980 solar budget from even the low levels the Department initially proposed.[53], [54] The answers to the questions in the preceding paragraph probably lie in the extraordinary momentum inherent in our existing energy system. The United States has an enormous investment in conventional energy-delivery systems. The U.S. government alone has provided over $200 billion in subsidies for conventional energy sources, much of this funding going to nuclear power research and development.[illegible] There are hundreds of billions of dollars invested in natural gas pipelines, oil refineries and nuclear reactors. Hence, there exists an incredible pressure to do things in the future the same as in the past. Today's energy companies are some of the world's largest corporations. Their political and economic muscle is equivalent to their corporate size. It is in their corporate interest to maintain our existing energy systems, and they exercise their enormous influence accordingly.

The advocates of natural energy systems and energy conservation, on the other hand, are as decentralized and diverse as the energy sources they represent. Until very recently there was no political voice for conservation and solar. Solar energy research became a line item in the National Science Foundation budget just 10 years ago, and as recently as 1973, the national solar energy budget was only a few million dollars.[illegible] The Department of Energy and its predecessor agencies have been so concerned for so many years with large-scale energy systems that even today, as new and enlightening data come to light, they still look to the old ways of doing things.

The President and the Department of Energy need to be persuaded that there is another way. The President's rhetoric can be implemented. Conservation can become the cornerstone of U.S. energy policy, 20 percent or more of U.S. energy can be supplied from the sun by the year 2000. Low-income people can have food, energy, and the tools for self-reliance, but it will take more than words. A major program is necessary. A program matched to the severity of the problem at hand. America has met and overcome many challenges in the past. The challenge of the energy crisis can also be met and overcome. But, a plan of action and a federal commitment are needed, and needed immediately.

6

[illegible]

Energy Policy Proposal

The National Center for Appropriate Technology proposes a major Federal initiative, which we believe will both attack the devastating energy problems of low-income people and begin to demonstrate the promise of renewable energy. This program is not all-encompassing. It does not deal with every aspect of our national energy policy. Neither does it require an immediate and radical restructuring of our energy system. However, it does provide a realizable goal and a route to reach it. It is a route by which low-income people can lead the way to a renewable energy future for the nation as a whole.

6.1 Low-Income Energy Assistance

The first element of the NCAT poor people's energy policy is an expanded crisis intervention, low-income energy assistance program. This program, which will require large expenditures for a few years, should be viewed only as a stop-gap measure. It should be phased out as conservation and solar technologies are implemented to pick up the energy load for low-income people. This assistance program will save or supply no new energy. But it must initially be a critical part of the NCAT energy program because it meets an absolute and very well defined need. Without emergency assistance for cold-climate areas, low-income people who cannot pay their fuel bills will quite literally freeze. But this interim program should be phased out because there are other technologies which can eventually reduce poor people's energy bills to affordable levels by saving heat or supplying natural energy. We must remember that a dollar spent for low-income emergency energy assistance pays for a certain quantity of fuel which is burned and temporarily keeps a poor person warm. It is used once; it cannot be recovered or used again. A dollar spent for conservation or solar energy, conversely, continues to supply new energy day after day and year after year. Thus, any rational long-term energy program must incorporate these elements.

As we mentioned previously, the need for low-income energy assistance is great. Studies have indicated a demonstrated need for a $3.2 billion program in this area.[illegible] President Carter's low-income energy assistance program, which became law in November 1979 calls for a $1.3 billion expenditure. NCAT recommends that a $3.2 billion program would be more realistic, based on demonstrated need.

An important issue which must be addressed is eligibility for this energy assistance program. *NCAT recommends that the low-income energy assistance program not be channeled through existing programs, but instead be opened up to all households whose incomes fall below 125 percent of Federal poverty guidelines.*

6.2 Home Energy Conservation

The next program in the NCAT energy policy is massive and extensive weatherization of low-income housing. Weatherization is a bureaucratic name for energy conservation technologies used to improve the thermal efficiency of a residence. Technologies subsumed under the term "weatherization" include ceiling, wall and water-heater insulation; storm windows and doors; caulking and weatherstripping; window repair and general leak plugging; and furnace maintenance and repair. It is important to remember that energy consumption in the residential sector accounts for nearly 20 percent of all U.S. energy consumption, a proportion that could be substantially reduced through weatherization. Thus, weatherizing the 16 million low-income residences is a major energy target.

Federal weatherization programs have been operating for several years at levels of roughly $200 million per year or less, operated by both the Department of Energy and the Community Services Administration. Until very recently, these programs were limited to $400 in materials expenditure per house (now $800) with no structural improvements permitted. Present weatherization programs, while important, are not nearly matched to the magnitude of the problem at hand. At a funding level of $150 million per year and an $800 per house limitation, less than 200,000 houses per year could be weatherized. *It would take 80 years at that rate to weatherize the nation's low-income housing stock.*

The existing weatherization program, while meager in comparison to the need at hand, is saving energy. Many weatherization agencies report energy savings of 25 percent or more for their $400 or less expenditure per home. This 25 percent is far from the maximum attainable, however. Recent studies on "optimum weatherization" indicate that, in cold areas, expenditures of several thousand dollars are cost-effective, and energy savings greater than 50 percent are possible.[38] [39]

NCAT is proposing a greatly expanded weatherization program. The current proposed fiscal year 1980 expenditure should be quadrupled. This program should then grow exponentially in future years as the capability and infrastructure to accept a much larger program comes into place. A $3-billion expenditure used for heating oil would buy approximately 150 million barrels of crude oil in 1979. The same expenditure for energy conservation technology would deliver twice as many Btu's over the lifetime of the installation. Thus, we see how important it is to scale down expenditures for low-income energy assistance and concurrently scale up weatherization expenditures as rapidly as possible.

NCAT recommends that a national priority be established to weatherize the nation's 18 million low-income residences in the next five years. We recommend that an average of $1,500 be expended per residence, with expeditures of up to $4,000 per residence permitted in cold-climate areas. The limitation of expenditures for structural improvements should also be removed, so that energy-saving measures such as roof repair can be accomplished. Currently there is also an expenditure limitation of $100 per residence for furnace repair and maintenance. This should also be removed. Furnace tune-up and repair can make a significant improvement in the efficiency of home heating, and such expenditures should not be limited if they are demonstrated to be cost-effective.

Such a massive program could save up to 50 percent or more of the energy consumed in each weatherized residence. Upon completion of this weatherization program, the equivalent of more than 410,000 barrels of oil per day should be available for other uses. This energy will probably be delivered at a cost of $8-$16 per equivalent barrel of oil, or less than half the cost of synthetic oil. The total energy made available for other uses by this program would amount to over one percent of all U.S. energy consumption.

Another point that should be emphasized in recommending this program is the need to target initial expenditures, which are likely to be limited. Initial expenditures for weatherization should be directed where they will do the most good. They should be directed to cold climate regions and most particularly to regions where fuel oil is a common source of home heating fuel. This means that special emphasis this year should be placed on the New England region and other local areas where the climate is cold, where many homes use fuel oil, where real fuel oil shortages are predicted, and where the price of fuel oil has doubled in the past year.

6.2.1 Solarization

The next element in the NCAT energy policy is a "solarization" program, a logical follow-up to weatherization. Weatherization can reduce residential heating load to the point where solar energy can be a cost-effective space-heat source. Solar energy, often criticized as a plaything of the rich, instead is ideally suited for low-income people. Although the initial capital costs of solar energy are often substantial, the operating fuel costs can approach zero. If government programs subsidize the intitial cost, solar energy systems can go a long way toward reducing low-income energy bills to manageable proportions.

Like the initial stages of the weatherization program, the national solarization program must be targeted. First, as a general rule, solar space-heating systems should only be installed on homes that already have been weatherized so their conventional energy consumption is cut to a minimum. Next, the specific site of each house where a solar energy system is to be installed must be considered, since only about a third of existing residences are suitable for a solar retrofit installation.[40] The climate of the area must also be considered. For northern climates, paricularly if the house is heated with fuel oil, retrofit solar space heating, even with its relatively high fixed cost, should be cost effective. It is less commonly cost effective in the South, however, where winter heating bills are low. On the other hand, solar water heating, with its constant year-round use, is attractive all over the United States. Solar water heating looks paricularly good in the southern U.S., where water heating may account for up to 50 percent of all heating energy used. The climate of an area also has a direct bearing on the effectiveness of a solar energy system. Solar intensity and cloud cover vary substantially — there may be as much as a threefold difference in the amounts of solar radiation reaching collectors during the heating season in two different locations in the United States. This fact must also be taken into account when siting solar energy systems and targeting geographic areas for solar programs.

Solar energy systems are extremely site specific. Hence, the programs designed to install them must be very flexible. Solar space and water heating systems are generally divided into two broad categories: active and passive systems. The term "passive" is used to designate those solar energy systems that do not use mechanical energy (pumps and/or fans) but instead use the natural flow of energy to transfer heat into and through a structure.[illegible] Passive sytems are nearly always constructed at the specific site of installation because the sytem is basically incorporated into the architectural design of the house. Active systems, on the other hand, are amenable to either relatively large-scale, assembly-line commercial manufacture or community-scaled assembly. At the present time, active systems seem to be more suitable for low-income water heating applications, while passive systems look good for space heat. There can be no general rule restricting the application of either passive or active systems, however, particularly since passive retrofit applications are so site specific.

Passive and active systems will require different programs for installation. As noted previously, passive systems are generally site-built from common building materials such as wood, glass, rock and concrete. Thus, a passive retrofit installation would require teams of crews moving from site to site, building and installing systems. Active systems, however, can usually be constructed off-site at a factory and then installed by crews moving from site to site. Economies of scale for production of passive systems are basically nonexistent. The only cost reductions possible would be quantity discounts for materials purchase. Market stimulation for passive systems beyond the low-income area would have to come mainly by example.

The traditional model of government purchase for market stimulation would work well for active solar energy systems, however. Low-income people could provide a major market for active solar heating systems. Federal purchase of large quantities of active solar systems for installation on low-income homes could provide a major stimulus to the solar energy industry. This market would provide the industry with the capital necessary to develop the industry infrastructure and mass production systems. The general public would then benefit through price reductions made possible by establishing a viable industry through massive government purchase; low-income people would be provided jobs in the solar energy industry; and the nationwide energy savings through large-scale solarization would reduce demand-pressures on prices of conventional energy.

NCAT thus recommends the establishment of a federally funded solarization program. This program would be a follow-up to, and be modeled after, Federal weatherization programs. It would employ both active and passive systems. Solarization crews would install active systems purchased by the government from commercial manufacturers. Preference would be given, where possible, to community-based solar manufacturers. Solarization crews would both construct and install passive systems. The program should be initially funded at the $50-million level, with expenditures increasing with the capability of the industrial and labor base to absorb them. A national goal should be established to solarize five million low-income households within the next five years. For an average cost of $2,000 per installation, a reduction in post-weatherization energy consumption of at least 40 percent should be obtained through solarization. Thus, this program would save the equivalent of 65,000 barrels of oil per day at a cost at least one-third less than synthetic oil.

The issue of aligibility is also important for solarization. *Solarization, along with weatherization, should be available to renters as well as homeowners.* Fifty-five percent of low-income households are renters rather than homeowners. The energy problems of these people are just as important as those of homeowners. If the overall government purpose is to provide a subsidy to supply energy as cheaply as possible for all Americans, the energy supplied (saved) through conservation or solar applied to a rented dwelling is just as useful as energy from an owner-occupied building.

However, landlords should not unduly benefit from this program. As one possibility, NCAT recommends that, in return for weatherizing and/or installing a solar energy system on a rented building, the landlord sign an agreement not to increase the rent on the unit until such time as inflation has consumed the capital cost of the installation.

A final program in the residential sector in the NCAT energy policy is the requirement that optimum life-cycle, cost-basis energy conserving and solar energy systems be mandatory on new public housing construction. Both energy conservation and solar energy are most cost-effective when applied to new construction. Passive solar energy and sophisticated energy conservation systems can almost always be implemented in new construction. These features should add little to the overall building construction cost, and will provide very substantial energy savings (approximately 160,000 barrels of oil equivalent per day). It can be anticipated that energy savings of up to 60 percent and more over traditional residential construction can be accomplished through this program at low cost to the government.

6.3 Transportation

NCAT is proposing two major initiatives in the transportation sector addressing both energy supply and demand. These initiatives must be considered as only a small part of a comprehensive national transportation policy, which is beyond the scope of this paper.

The first NCAT transportation program addresses transportation energy demand. Energy analysts generally agree that one of the easiest and most important means of conserving energy in the transportation sector is to reduce energy demand by increasing motor vehicle fuel economy. Both national energy policy and industry efforts are directed at this area. Federal regulations have been instituted which require an overall 100 percent increase in new motor vehicle fuel economy between 1973 and 1985. In 1985, the overall fleet average fuel economy required under the Energy Policy and Conservation Act of 1975 will be 27.5 miles per gallon. New-vehicle fuel efficiency has increased every year since 1973, and 1980 model American-built cars are commonly obtaining well over 20 miles per gallon. This increase in fuel efficiency, while it is extremely important to national energy policy, really has no impact on low-income people. Low-income people simply do not purchase new cars.

NCAT proposes a multi-component program which will address the needs of low-income people and will conserve energy. The first component of the program is automobile recycling.[illegible] Every year in the United States, seven million motor vehicles are junked.[illegible] This tremendous waste of resources does not have to occur. Many vehicles can be recycled rather than discarded. (By recycled, we mean rehabilitated and reused, not used as recycled scrap to be remade into steel.) For less than $2,000, an automobile can be totally reconditioned for an added life expectancy of about 50,000 vehicle miles.[illegible] The engine and transmission can be rebuilt, new peripheral engine parts, brakes, tires, and exhaust system can be installed, body damage can be repaired, and the car can be painted, rust-proofed, and upholstered. To stress energy conservation, the program will emphasize the selective recycling of intermediate and compact cars (where possible with manual transmissions) capable of obtaining an average of approximately 18-20 miles per gallon of gasoline. A supplemental cost-effective fuel economy package including radial tires, possibly a fuel-efficient carburetor, and a routine basic maintenance and driver education program, could be added to further increase the fuel efficiency of recycled automobiles. These recycled vehicles would primarily impact the used car market, providing a relatively fuel-efficient (at least compared to the used car fleet average) vehicle at a competitive price.

There are two ways by which the automobile recycling program can save energy. It would save energy directly through increased gasoline mileage and decreased energy consumption of the rehabilitated cars reintroduced into the vehicle fleet. It would also save energy indirectly by reducing the number of vehicles thrown away every year, hence preserving the utility of the energy tied up in manufacturing the cars initially. Short-term direct fuel consumption savings for individual vehicles of up to 40 percent over the used car "fleet" average may be possible through selective recycling. Indirect energy savings, although difficult to quantify, will also be substantial. If there are 2.5 million recycled vehicles on the road in 1985 averaging 18-20 miles per gallon, the direct energy savings from the program could be more than 28,000 barrels of crude oil equivalent per day.

A sizable economic development potential exists through automobile recycling since it is so labor intensive. In fact, the economic development potential is probably more important to low-income people than the potential fuel savings. This type of operation could easily be organized along the lines of a community-based business organization. Individual single-purpose businesses would rebuild engines and transmissions, manufacture retrofit engines, do auto body and paint work and upholstery. These businesses could then be clustered around a local recycling assembly facility. The job impact for low-income people would be particularly positive since jobs would likely be decentralized and thus distributed throughout the country rather than centralized at a few manufacturing and assembly centers.

The second component of the NCAT transportation energy demand program is fuel-economy retrofitting. The NCAT fuel "economization" component calls for massive fuel-efficiency retrofitting of the existing motor vehicle fleet, with emphasis on automobiles owned by low-income individuals.

The principal emphasis of United States transportation energy policy has focused on increasing the fuel efficiency of new automobiles. Very minimal attention has been directed toward increasing the fuel efficiency of the existing motor vehicle fleet. There is little economic impetus for new car manufacturers to develop energy-conserving technologies for existing vehicles, and only scattered work seems to be going on outside the automobile manufacturing industry. Yet less than 10 percent of the automobile fleet is replaced every year, and the 50 percent survival probability of an average passenger car is between nine and ten years. Hence, new car fuel-efficiency increases take a long time to have a major impact on the fuel-efficiency of the total U.S. automobile fleet.

Thus, NCAT calls for a major effort to improve the fuel efficiency of the existing U.S. automobile fleet. Such an effort could be extremely cost-effective. As an example, for a vehicle with an existing fuel economy of 15 mpg and a remaining life expectancy of 50,000 miles, and given a 12 percent annual fuel price increase, a $400 investment would be cost-effective if it produced a 10 percent increase in fuel economy. Similarly, one could cost-effectively invest $750 to produce a 20 percent savings; $1,285 to produce a 40 percent savings; and $2,250 to produce a 100 percent increase in fuel economy over the remaining 50,000 mile lifetime of the vehicle. While retrofit technologies for improving fuel economy are admittedly more limited than the technologies being explored for new vehicles, a number of technologies for increasing the fuel economy of existing vehicles do exist, and more are under development. Radial tires, proper tire inflation, advanced lubricants, routine maintenance, and driving skill all inexpensively improve fuel economy, and are available today. For a larger capital investment, water emulsified fuel to improve combustion efficiency, idle-off and coasting systems which turn the engine off when stopped or coasting and restart it at the touch of the accelerator, thermostatically controlled fans, fuel preheat, and microprocessor-controlled fuel intake are among the ideas that merit intensive investigation for retrofit application.

At an even larger capital investment, engine/power system retrofit applications such as lightweight diesel or hybrid liquid fuel/electric engines and/or continuously variable transmissions should not be ignored. Although these technologies are not generally commercially available today, and are likely to be expensive, a major research program and feasibility study should be immediately initiated to determine their potential for retrofit use.

NCAT recommends that a national goal be established to retrofit 20 percent of the nation's existing automobile fleet by 1985 to obtain at least a 20 percent average increase in fuel efficiency. Particular emphasis should be placed on vehicles belonging to low-income households. As one possibility, a fuel "economization" program similar to the weatherization program could be adopted for low-income people. Individuals above low-income guidelines could be encouraged to retrofit their vehicles through various tax incentives. An integral part of this program must be a massive short-term development program to ensure that technologically sound fuel-saving devices are commercially available for use in the program. If such a program were put in place, 1985 fuel savings would amount to the equivalent of almost 170,000 barrels of crude oil per day.

The second element in the transportation sector of the NCAT energy plan addresses an alternative motor vehicle fuel supply — the production of fuel alcohol from renewable sources. Both ethanol and methanol can easily be produced from renewable sources. Renewable methanol most commonly is produced from the destructive distillation of wood and wood residues, while renewably based ethanol generally comes from the fermentation and subsequent distillation of carbohydrate sources such as grain, root crops (beets, potatoes), sugar cane or fruit. The technologies for renewable alcohol production have been known for centuries, but they have been largely ignored as a motor fuel because of the low price of gasoline derived from crude oil. However, rapidly increasing price and limited availability of crude oil is generating renewed interest in alcohol fuels. This renewed interest has resulted in research demonstrating that alcohol fuels show enormous promise both as a gasoline extender and for neat (undiluted) use.

Preliminary research indicates that ethanol is more attractive than methanol for immediate introduction into our transportaiton energy-delivery system. In fact, the Department of Energy has indicated that ethanol is the only alternative transportation fuel that will be available in the 1985 time frame.[65] Ethanol also is more attractive for low-income applications since its production can be small-scale and decentralized. Ethanol can be blended with unleaded gasoline in mixtures of 10 percent or more with no adjustment required in the user automobile. Even for 100 percent alcohol use, only an inexpensive carburetor modification is required. Brazil has already demonstrated the technical and social feasibility of a major alcohol fuels program, and considerable interest has been generated recently in the United States. "Gasohol", a formulation of 10 percent alcohol mixed with unleaded gasoline, is now available in several Midwestern states, and the market for the product seems to be continually expanding. Not only does gasohol extend petroleum supplies, it boosts the octane rating of regular unleaded gasoline. A 10 percent mixture of ethanol with unleaded gasoline boosts the octane rating two or three points compared with pure unleaded gas.[66]

Gasohol can provide more than an energy conservation benefit, however. Gasohol's higher octane rating permits it to be substituted for regular gasoline.[67] It is basically a premium unleaded fuel. If gasohol is substituted for leaded regular gasoline, a major environmental improvement would take place. Tetraethyl lead from gasoline is the most significant source of airborne lead in the environment. Airborne lead is particularly noxious since its inhalation in quantity can result in brain damage in children.[68] The problem is particularly severe in urban low-income neighborhoods, which are often interwoven with expressways. Children from these neighborhoods are sometimes found with disturbingly high blood levels and associated symptoms of lead poisoning. Thus, gasohol utilization could provide two immediate benefits: It would conserve scarce non-renewable petroleum resources, and it would reduce or eliminate a significant environmental health problem which is prevalent in low-income children.

Major arguments against alcohol fuels have been raised on both cost and net-energy grounds. Production costs for ethanol manufacture vary with the technology and the size of the plant, but seem to average around $1.00 per gallon if a reasonable price is paid for the raw material feedstock. This cost has inhibited ethanol fuel production in the past. Some ethanol production cost breakthroughs may be expected in the near future, but even at a dollar a gallon, ethanol looks attractive today..It can hopefully serve as an upper limit on the price of motor fuel. As gasoline prices increase, ethanol becomes more and more competitive, and production should increase to meet the demand.

The "net energy" question is also important to ethanol production. This concern has been based mainly on the fact that, for some crop production and distillation processes, more petroleum-based energy is required to produce alcohol than is actually contained in the alcohol.[69] Modern alcohol plants using newly available technology do have a positive net energy balance, and in fact, developing technologies can reduce this energy cost even further. It has recently been reported that a new technology for alcohol production has been developed which may halve the energy required to produce alcohol.[70,71] Advances of this magnitude cannot help but make alcohol more attractive in the future.

The question of raw material availability is also a prime concern for renewable alcohol-fuel production. While feedstock supplies are not unlimited there are large quantities of surplus grain currently available. Presently, alcohol-fuel advocates claim that there exists enough surplus grain and distressed crops to distill some 10 billion gallons of ethanol per year — equivalent to about 9 percent of our current gasoline consumption.[72] Thus, it may be possible from a resource standpoint to convert the nation to gasohol in a relatively short time frame. What about those years when grain surpluses do not exist? In that case, new crop land might have to be brought into production with resultant inflationary impacts on food and feed prices.[73] As an alternative, animal feed corn from existing croplands could produce up to 11 billion gallons of alcohol per year.[74] The residue from the fermentation process would still be useful as an animal feed, since only the carbohydrate portion of the grain is converted to alcohol. The protein content of the grain is untouched by the fermentation process. Currently there are also processes in the research and bench-scale stages to convert cellulose to sugar and then to ethanol through acid hydrolysis or enzymatic conversion. Should the processes prove successful on a large scale, an enormous potential for ethanol production is opened up. It is estimated that over one billion tons per year of cellulose waste are available every year.[75] This cellulose could yield over 78 billion gallons of ethanol per year.[76] Combined with the crop waste alcohol, over 90 billion gallons of renewable-based alcohol fuel could theoretically be produced. This quanitity of renewable fuel conceivably could nearly eliminate the need for importing crude oil (currently 9 million barrels per day).

The Department of Energy estimates that if current incentive programs are kept in place (principally loan guarantees and a four-cents-per-gallon Federal motor fuel excise tax exemption), alcohol fuel production could reach 500-600 million gallons per year by 1985.[77] This would be just about twice the current U.S. non-beverage alcohol production, and would substitute for 30,000 to 40,000 barrels per day of petroleum. This goal is far too low and is totally unacceptable. How can a renewable energy source with such potential be relegated to replacing just 0.4 percent of the petroleum we currently import? NCAT recommends establishment of a national goal to produce 10 billion gallons of ethanol per year by 1990. This would basically convert the nation to gasohol by 1990, and would substitute for about 710,000 barrels per day of imported oil. To reach this goal, an immediate emphasis must be placed on alcohol production. DOE's goal of 500 million gallons per year should be met by the end of 1982 rather than 1985.

This alcohol production could be accomplished at significantly less capital investment than the production of an equivalent quantity of synthetic gasoline. The implication for low-income people in this policy is clear. It should result in a lower-cost sustainable fuel supply.

6.4. Food

NCAT also proposes three major programs to supplement low-income people's food supplies. These are solar-reliant greenhouses, community gardens, and alternative/cooperative food marketing systems. All three of these programs are designed to help reduce low-income people's dependence on our petroleum-based food system, and hence to conserve energy. *Solar-reliant greenhouses* can help extend growing seasons so that crops can be started earlier in the spring and carried later in the fall. With proper design, solar greenhouses can in fact be productive 12 months a year. Solar-reliant greenhouses are also heat producers and can be designed to provide supplemental heating when attached to a residence. With proper horticultural training, low-income families can reduce their food bills substantially through the use of solar greenhouses.

Community gardens often require very minimal capital investment. Vacant lots in urban and suburban areas are often available and can be cultivated for the asking. All over the United States there are moves to increase homegrown food production. Community Action Agencies have sponsored many successful community gardens in low-income areas, and these programs are capable of being greatly expanded at a very low cost. Because of the percentage of total U.S. energy spent in commercial food processing and distribution, the energy saved through a major community garden program could be very substantial. If low-income people grew 15 percent more of their own food in home or community gardens, the equivalent of up to 75,000 barrels per day of crude oil could be saved. Along with their energy savings, community gardens also attack poverty through developing increased self-reliance in low-income communities.

A third energy saving and self-reliant technology that could be extensively promoted is *alternative food marketing systems*. With transportation costs soaring, community-based food marketing strategies take on added importance. By decentralizing food production, marketing and distribution, food transportation costs can be kept to a minimum. Food costs can also be reduced through alternative marketing techniques by eliminating some of the numerous "middlemen" in the food chain. Direct marketing of food from producer to consumer is both economically sound and energy-efficient. A massive program could save up to 67,000 barrels per day of petroleum if food-marketing related energy consumption were reduced by 25 percent for one half of low-income food consumption. Cooperative food marketing can also add economic strength and promote self-reliance in low-income communities.

In the food production area, NCAT recommends that a $75-million-per-year program be initiated to install solar reliant greenhouses in low-income communities. Perhaps 50,000 greenhouses per year could be installed with these funds, provided adequate labor is available. In ten years, this program would be saving the equivalent of about 6,500 barrels of oil per day. NCAT also recommends that the Department of Agriculture and the Community Services Administration undertake major education programs to inform low-income consumers and food producers about the major benefits to be obtained from community gardens and alternative food marketing strategies. These programs could be accompanied by a low-interest, guaranteed loan program to provide capital necessary to implement these technologies.

National Center for Appropriate Technology Low Income People's Energy Program

Figure 7

PROGRAM ELEMENT	POTENTIAL ENERGY PRODUCTION (SAVINGS) (Barrels crude oil equivalent per day)	COST OF PROGRAM	TIME LAG BEFORE TECHNOLOGIES AVAILABLE	TIME FOR COMPLETION
LOW INCOME ENERGY ASSISTANCE	0	$3 billion/yr initially	0	5 years (maximum)
WEATHERIZATION	410,000	$24 billion overall	0	5 years
SOLARIZATION	65,000	$10 billion overall	0	5 years
ENERGY EFFICIENT PUBLIC HOUSING	160,000	low additional cost	0	Ongoing
AUTOMOBILE RECYCLING	25,000	$2000 per car maximum*	0	5 years Ongoing
AUTOMOBILE FUEL EFFICIENCY RETROFIT	170,000	$750 per vehicle maximum * $10-$15 billion overall	0-2 years	10 years
ALCOHOL FUEL PRODUCTION	710,000	Production cost $1.00/gallon capital cost $10-$20 billion *	0	10 years
SOLAR RELIANT GREENHOUSES	6,500	$75 million/yr	0	10 years
COMMUNITY GARDENS	74,000	low	0	10 years
ALTERNATIVE FOOD MARKETING SYSTEMS	67,000	low *	0	10 years

* Total Federal Subsidization Not Required

7/ Conclusion

NCAT has thus outlined a major energy plan for low-income Americans. This plan supplies energy from a multitude of small sources, rather than a few large ones, yet the total energy supplied from the initiatives in this plan is really substantial. It will eventually amount to the equivalent of about 1.7 million barrels of oil per day, supplied at a cost lower than producing an equivalent amount of synthetic crude oil. The plan can also be implemented immediately. There are no 10-year lead times before technologies can be brought on line. In addition, this plan will help to increase the self sufficiency of low-income people, thus helping to reduce poverty. The technologies employed in the plan are not second class or "poor people's" technologies. They are instead technologies on the frontier of a new way of life — a renewable energy future.

This plan should be viewed not just as an answer to serious energy problems faced by poor people, but also as an example of what really can be done with conservation and renewable energy supplies in the society at large. Far larger impacts can be had by applying conservation and natural energy systems to other sectors and social strata of our economy. The energy technologies outlined in this plan are just as useful in the commercial and industrial sectors as they are for low-income people. If this much can be achieved in the low-income sector, the sector that uses the least energy per capita, the potential for a renewable energy future will be demonstrated for all Americans. A renewable energy future for the U.S. can be realized, and low-income people can lead the way.

Footnotes

1. U.S. Department of Energy. *Measuring Energy Conservation*. DOE Technical Memorandum DOE/EIA-0102/18, Washington D.C.: U.S. Government Printing Office, p. [illegible]
2. Schurr, Sam H., Bruce C. Netschert, Vera F. Eliasberg, Joseph Lerner and Hans H. Landsberg. *Energy in the American Economy, 1850-1975*. Westport, Conn.: Greenwood Press, 1977, p. 234
3. Office of the White House Press Secretary. *Detailed Fact Sheet: The President's Energy Program*. Washington D.C.: The White House, April 20, 1977, p. 2.
4. Hayes, Denis. *Rays of Hope*. New York: W.W. Norton & Company, Inc. 1977, p. 31.
5. Stobough, Robert and Daniel Yergin, Editors. *Energy Future: Report of the Energy Project at the Harvard Business School*. New York: Random House, 1979, p. 79.
6. Hayes, op. cit., p.108.
7. Doggett, R.M. et al., International Research and Technology Corporation. *The Transportation Energy Conservation Network (TECNet)*, Vol. 1: A Presentation of Findings, McLean, Va., June 24, 1977, pp.1-3 through 1-6.
8. Doolittle, Jesse S. *Energy*. Champaign, Ill.: Matrix Publishers, Inc. 1977, p. 40.
9. Lovins, Amory B. *Soft Energy Paths*. Cambridge Mass.: Ballinger Publishing Company, 1977, p. 75.
10. Hayes, Denis, op. cit., p. 163.
11. Cook, Earl. "The Depletion of Geologic Resources" *Technology Review*. June 1975, pp. 15-27.
12. Exxon Company, advertisement in *Time Magazine*. December 3, 1973.
13. Considine, Douglas M., Editor in Chief. *Energy Technology Handbook*. New York: McGraw Hill Book Company, 1977, pp. 3-60
14. Henry, John P., Jr., V. Eugene Horton, and Jay B. Kopelman, "World Energy, a Manageable Dilemma", *Harvard Business Review*, May-June 1979, pp.150-161.
15. Ibid.
16. Griffith, Edward D. and Alan W. Clarke. "World Coal Production", *Scientific American*, Volume 240, No. 1, January 1979, pp. 38-47.
17. Ibid.
18. Commoner, Barry. *The Politics of Energy*. New York: Alfred Knopf, 1979 pp. 24-31.
19. Ibid.
20. American Gas Association, American Petroleum Institute, Canadian Petroleum Association. *Reserves of Crude Oil, Natural Gas Liquids and Natural Gas in the United States and Canada as of December 31, 1977*. Vol. 32, Washington, D.C.: American Petroleum Institute, June 1978.
21. Stobough and Yergin, loc. cit.
22. Spinrad, Bernard I. "Alternative Breeder Reactor Technologies", in *Annual Review of Energy*, Vol. 3, 1978, Palo Alto, Calif.: Annual Reviews, Inc., 1978, p. 152.
23. Considine, Douglas M., op. cit., pp. 8-173 to 8-175.
24. Schurr, Sam H., Project Director. *Energy in America's Future*. Baltimore: The Johns Hopkins University Press (Resources for the Future), July 1979, pp. 221-230.
25. Portman, Warren. *Families in the Energy Crisis*. Cambridge Mass.: Ballinger Publishing Company, 1977, pp. 131-134.
26. Grier, Eunice S., *Colder...Poorer*. Washington, D.C.: Community Services Administration, 1977, pp. 9-14.4.
27. Ibid.
28. Ibid., p. 23.
29. Ibid.
30. Conference on Alternative State and Local Policies, *Public Policy for the 80's*. Washington D.C.: Conference on Alternative State and Local Policies, 1978, p. 52.
31. Pimentel, David and Elinor Cruze Terhune. "Energy and Food", in *Annual Review of Energy*, Vol. 2, 1977, Palo Alto, Calif.: Annual Reviews, Inc., 1978, p.171.
32. Ibid.
33. Anon. "How the Diesel Crunch Adds to Food Bills", *Business Week*, July 30, 1979, p. 28.
34. Pimentel and Terhune, loc. cit.
35. Ibid.

Practices in Agriculture" in *Agriculture and Energy*, New York, Academic Press, 1977, pp. 713-731.

37. Shonka, D.B., A.S. Loebl, P.D. Patterson, *Transportation Energy Conservation Data Book, Edition 2*. Oak Ridge, Tenn.: Oak Ridge National Laboratory, October 1977, p. 133.

38. Schurr, op. cit., pp.143-129.

39. Grier, op. cit. pp. 50-65.

40. Ibid.

41. Ibid.

42. Fuel Oil Marketing Advisory Committee, *Low Income Energy Assistance: A Profile of Need and Policy Options*. Washington, D.C.: Department of Energy, July 1979.

43. Landsberg, Hans H., Chairman, *Energy: The Next Twenty Years*. Cambridge Mass.: Ballinger Publishing Company, 1979, p. 41.

44. McBride, John R. *Coal Liquefaction: Technology, Impacts and Technical Suitability for Montana*. Helena, Mont.: Montana Energy Advisory Council, September 1976, p. 24.

45. Lovins, Amory B. "Soft Energy Technologies", in *Annual Review of Energy* Vol. 3, 1978, Palo Alto, Calif.: Annual Reviews, Inc., 1978, p. 502.

46. Stobaugh, and Yergin, loc. cit.

47. Lovins, *Soft Energy Paths*, pp. 85-100.

48. Sant, Roger, *A Preliminary Assessment of the Potential to Adjust Capital Stock to Higher End Use Efficiencies*, paper presented at the American Association for the Advancement of Science Annual Meeting, February 1978.

49. Stobaugh and Yergin, op.cit., p.167.

50. Ibid.

51. Bonneville Power Administration, *Electric Energy Conservation Study*, Portland, Ore.: Bonneville Power Administration, 1976.

52. Benson, James, and the staff of Solar Age, "Nuclear, Solar and Jobs", Solar Age, August 1979, pp. 13-17.

53. Solar Lobby, "1980 Solar Counter-budget," Sun Times, May 1979, pp. 3-4.

54. Solar Lobby, "1980 Solar Budget", Sun Times, February 1979, p. 8.

55. McBride, John R. *An Analysis of Federal Research, Development, and Demonstration Expenditures for Renewable Energy Systems*. Butte, Mont.: National Center for Appropriate Technology, September 1979.

56. Ibid.

57. Fuel Oil Marketing Committee, op. cit.

58. Stobaugh and Yergin, op. cit., p. 178.

59. Chapman, Robert E., et. al., *Optimizing Weatherization Investments in Low Income Housing: Economic Guidelines and Forecasts*. Washington, D.C.: National Bureau of Standards, October 1978.

60. Stobaugh and Yergin, loc. cit.

61. Anderson, Bruce N. and Charles J. Michal, "Passive Solar Design", in *Annual Review of Energy*. Vol. 3, 1978, Palo Alto, Calif.: Annual Reviews, Inc., 1978, p. 57.

62. This idea was conceived in part by John C. Orth, Deputy Managing Director, Montana Energy and MHD Research and Development Institute, Butte, Mont.

63. Hayes, loc.cit.

64. Orth, John C., personal communication.

65. U.S. Department of Energy, *The Report of the Alcohol Fuel Policy Review*. Washington, D.C.: U.S. Department of Energy, June 1979, p. 6.

66. Ibid., p. 6.

67. Anon. "Get the Lead Out with Alcohol", Gasohol U.S.A., Vol. 4., pp. 8-9, September 1979.

68. Ibid.

69. Ibid., p. 15.

70. Ladisch, Michael R. and Karen Dyck, "Dehydration of Ethanol: New Approach Gives Positive Energy Balance", Science, Vol. 205, August 31, 1979, pp. 898-900.

71. Hartline, Frederick F. "Lowering the Cost of Alcohol", Science, Vol. 206, October 5, 1979, pp. 41-42.

72. Wade, Nicholas. "Oil Pinch Stirs Dreams of Moonshine Travel", *Science*, Vol. 204, June 1, 1979, pp. 928-929.

73. Congress of the United States, Office of Technology Assessement, *Gasohol: A Technical Memorandum*, Washington D.C., Office of Technology Assessment, September 1979.

74. Peters, Joseph F. And Carl M. Zierke, *Socio-Economic Aspects of a Major U.S. Biomass Alcohol Fuel Program*, Paper presented at the 1979 International Congress of the International Solar Energy Society, Atlanta Ga., May 1979.

75. Ibid.

76. Ibid.

77. U.S. Department of Energy, *The Report of the Alcohol Fuel Policy Review*, op.cit., p. 8.

Bibliography

Anderson, Bruce N. and Charles J. Michal, "Passive Solar Design", in *Annual Review of Energy* Vol. 3, 1978, Palo Alto, Calif.: Annual Reviews, Inc., 1978.

Benson, James, and the Staff of *Solar Age*, "Nuclear, Solar and Jobs", *Solar Age*, August 1978, pp. 15-17.

Blair, John M., *The Control of Oil*, New York: Random House, 1976.

Bonneville Power Administration, *Electric Energy Conservation Study*, Portland, Ore: Bonneville Power Administration, 1976.

Bupp, Irvin C. "The Economics of Nuclear Power," *Technology Review*, Vol. 77, No. 4 (February, 1975).

Chapman, Duane and Timothy Mount, *Electric Demand and the Financial Problems of Electric Utilities*, Cornell Agricultural Economics Staff Paper No. 74-25, Ithaca, NY: Cornell University, September, 1974.

Chapman, Duane, Timothy Tyrell and Timothy Mount, "Electric Demand and the Energy Crisis." *Science*, Vol. 178, No. 4062 (November 17, 1972).

Chapman, Robert E., et. al. *Optimizing Weatherization Investments in Low Income Housing: Economic Guidelines and Forecasts*. Washington, D.C.: National Bureau of Standards, October 1978.

Committee on Resources and Man, National Academy of Sciences — Research Council, *Resources and Man*. San Francisco, Calif.: W.H. Freeman and Company, 1969.

Commoner, Barry, *The Politics of Energy*. New York: Alfred A. Knopf, 1979.

Commoner, Barry, *The Poverty of Power*. New York: Alfred A. Knopf, 1976.

Commoner, Barry, *The Closing Circle*. New York: Alfred A. Knopf, 1971.

Conference on Alternative State and Local Policies, *Public Policy in the 80's*. Washington, D.C.: Conference on Alternative State and Local Policies, 1978.

Congress of the United States, Office of Technology Assessment, *Application of Solar Technology to Today's Energy Needs*. Washington, D.C.: Office of Technology Assessment, 1978.

Congress of the United States, Office of Technology Assessment, *Gasohol: A Technical Memorandum*. Washington, D.C., Office of Technology Assessment, September 1979.

Considine, Douglas M., Editor in Chief, *Energy Technology Handbook*. New York: McGraw Hill Book Company, 1977.

Cook, Earl, "The Depletion of Geologic Resources", *Technology Review*, June 1975, pp. 15-27.

Council on Environmental Quality, *The Good News About Energy*. Washington, D.C., Government Printing Office, 1979.

Davis, David Howard, *Energy Politics*, second edition. New York: St. Martin's Press, 1978.

Doolittle, Jesse S. *Energy*. Champaign, Ill.: Matrix Publishers, Inc., 1977.

Dupree, W.G., and J.A. West, *United States Energy through the Year 2000*. Washington, D.C.: U.S. Department of the Interior, December, 1972.

Federal Energy Administration, *Project Independence Report*. Washington, D.C., Government Printing Office, November, 1974.

Fuel Oil Marketing Advisory Committee, *Low Income Energy Assistance: A Profile of Need and Policy Options*. Washington, D.C.: Department of Energy, July 1979.

Gordon, Richard L. *U.S. Coal and the Electric Power Industry*. Baltimore, Md.: Johns Hopkins University Press, 1975.

Grier, Eunice S., *Colder...Darker*. Washington, D.C.: Community Services Administration, 1977.

Griffin, Edward D. and Alan W. Clarke, "World Coal Production", *Scientific American*, Volume 240, No. 1, January 1979.

Hammond, Ogden and Martin B. Zimmerman. "The Economics of Coal-Based Synthetic Gas." *Technology Review*, Vol. 77, No. 8 (July/August, 1975).

Hayes, Denis. *Rays of Hope*. New York. W.W. Norton & Company, Inc., 1977.

Henderson, Hazel. *Creating Alternative Futures*. New York: Berkley Windhover Books, 1978.

Henry, John P. Jr., V. Eugene Harless and Jay B. Kopelman. "World Energy: A Manageable Dilemma", *Harvard Business Review*, May-June 1979.

Institute for Contemporary Studies. *Options for U.S. Energy Policy*. San Francisco, Calif.: Institute for Contemporary Studies, 1977.

Jewell, William J. *Energy, Agriculture and Waste Management*. Ann Arbor, Mich.: Ann Arbor Science Publishers, Inc. 1975.

Ladisch, Michael R. and Karen Dyck. "Dehydration of Ethanol: New Approach Gives Positive Energy Balance", Science, Vol. 205, pp. 898-900, August 31, 1979.

Landsberg, Hans H., Chairman. *Energy: The Next Twenty Years. A Report of the Study Group.* Cambridge, Mass., Ballinger Publishing Company, 1979.

Lockeretz, William, Editor. *Agriculture and Energy*. New York: Academic Press, 1979.

Lovins, Amory B., *Soft Energy Paths*. Cambridge, Mass.: Ballinger Publishing Company, 1977.

Lovins, Amory B., "Soft Energy Technologies," in *Annual Review of Energy*. Vol. 3, 1978, Palo Alto, Calif.: Annual Reviews, Inc., 1979.

Lovins, Amory B. and John H. Price, *Non-Nuclear Futures: The Case for an Ethical Energy Strategy*. Cambridge, Mass.: Ballinger Publishing Company, 1975.

MacAvoy, P.W., and R.S. Pindyck. *The Economics of the Natural Gas Shortage (1960-1980)*. North-Holland, Amsterdam, 1975.

McBride, John R. *An Analysis of Federal Research, Development, and Demonstration Expenditures for Renewable Energy Systems*. Butte, Mont.: The National Center for Appropriate Technology, September 1979.

McBride, John R. *Coal Liquefaction: Technology, Impacts, and Technical Suitability for Montana*. Helena, Montana: Montana Energy Advisory Council, September 1976.

Mount, T.D., L.D. Chapman and T.J. Tyrrell. *Electricity Demand in the U.S.: An Econometric Analysis*. ORNL-NSF-EP-49. Oak Ridge, Tenn.: Oak Ridge National Laboratory, June, 1973.

Naill, Roger F., Dennis L. Meadows and John Stanley-Miller. "The Transition to Coal", *Technology Review*. October/November 1975. pp. 19-29.

Nash, Hugh, Editor. *The Energy Controversy — By Amory Lovins and his Critics*. San Francisco: Friends of the Earth, 1979.

Office of the White House Press Secretary. *Detailed Fact Sheet: The President's Energy Program*. Washington, D.C.: The White House, April 20, 1977.

Oregon State University. *Proceedings: Conference on Magnitude and Deployment Schedule of Energy Resources*. Portland, Ore.: Oregon State University, September, 1975.

Peters, Joseph F. and Carl M. Ziemke. *Socio-Economic Aspects of a Major U.S. Biomass Alcohol Fuel Program*. Paper presented at the 1979 International Congress of the International Solar Energy Society, Atlanta, Ga., May 1979.

Pimentel, David and Elinor Cruze Terhune. "Energy and Food", in *Annual Review of Energy*, Vol. 2, 1977, Palo Alto, Calif.: Annual Reviews, Inc. 1978.

Ray, Dixy Lee. *The Nation's Energy Future. A Report to Richard M. Nixon, President of the United States*. U.S. Atomic Energy Commission Document: Wash-1281. Washington, D.C.: Government Printing Office, December, 1973.

Rechel, Ralph. *Transportation Policies and Energy Conservation*. Washington, D.C.: The Conservation Foundation.

Ross, M.H. and R.H. Williams. *Energy and Economic Growth*. Washington, D.C.: Government Printing Office, 1977.

Schipper, Lee. "Raising the Productivity of Energy Utilization", in *Annual Review of Energy*, Vol. 1, 1976, Palo Alto, Calif., Annual Reviews, Inc. 1976 pp. 455-517.

Schurr, Sam H., Project Director. *Energy in America's Future*. Baltimore: The Johns Hopkins University Press, July 1979.

Schurr, Sam H., Bruce C. Netschert, Vera F. Eliasberg, Joseph Lerner and Hans H. Landsberg. *Energy in the American Economy, 1850-1975*. Westport, Conn.: Greenwood Press, 1977.

Shonka, D.B., A.S. Loebl and P.D. Patterson. *Transportation Energy Conservation Data Book: Edition 2*. Oak Ridge, Tenn.: Oak Ridge National Laboratory, October 1977.

Smith, Craig B. *Efficient Electricity Use*. New York: Pergamon Press, Inc., 1976.

Spinrad, Bernard I. "Alternative Breeder Reactor Technologies", in *Annual Review of Energy* Vol. 3, 1978. Palo Alto, Calif.: Annual Reviews, Inc., 1978.

Socolow, Robert H. "The Coming Age of Conservation", in *Annual Review of Energy*, Vol. 2, 1977, Palo Alto, Calif.: Annual Reviews, Inc., 1977, pp. 239-289.

Stobaugh, Robert and Daniel Yergin, Editors. *Energy Future: Report of the Energy Project at the Harvard Business School.* New York: Random House, 1979.

U.S. Atomic Energy Commission. *Nuclear Power 1973-2000.* Report Wash-1139. Washington, D.C.: Government Printing Office, 1975.

U.S. Department of Energy. *Measuring Energy Conservation.* Department of Energy Technical Memorandum TM/EU/79-06. Washington, D.C.: Government Printing Office, December 1978.

U.S. Department of Energy. *Domestic Policy Review of Solar Energy.* Washington, D.C.: U.S. Department of Energy, February, 1979.

U.S. Department of Energy. *The Report of the Alcohol Fuels Policy Review.* Washington, D.C.: U.S. Department of Energy, June 1979.

U.S. Energy Research and Development Administration. *A National Plan for Energy Research, Development, and Demonstration: Creating Energy Choices for the Future,* Vol. 1. Washington, D.C.: Government Printing Office, June, 1975.

U.S. Community Services Administration. *Solar Energy Policy.* Washington, D.C.: Community Services Administration, July 1978.

Wade, Nicholas. "Oil Pinch Stirs Dream of Moonshine Travel", *Science* Vol. 204, June 1, 1979, pp. 928-929.

Main Office:
P.O. Box 3838
3040 Continental Drive
Butte, Montana 59701
(406) 494-4572

NCAT

Washington Office:
815 – 15th Street, N.W.
Room 624
Washington, D.C. 200005
(202) 347-9193

Board of Directors

Anthony J. Maggiore, Jr., Chairman
Milwaukee, Wisconsin

John T. Brown, Jr.
Stamford, Connecticut

Cherie Bueckman
Moses Lake, Washington

Louis R. Bruce
Washington, D.C.

Bette Chavez-Holcomb
Rawlins, Wyoming

Cecil Cook, Jr.
Columbus, Ohio

Wesley Copeland
Washington, D.C.

Pauline B. Eisenstadt
Albuquerque, New Mexico

Fritz Griffin
Berkeley, California

William E. Hallman
Bridgeton, New Jersey

John T. Hershey
Quakertown, Pennsylvania

Jim Jansen
Pocahontas, Arkansas

Sam Love
Washington, D.C.

Robert A. Meskunas
Alexandria, Virginia

Erika Morgan
Chattanooga, Tennessee

Clydia Nahwooksy
Norman, Oklahoma

Helga Olkowski
Berkeley, California

Lauren R. Poplack
Berkeley, California

MacDonald Stacks
Lancaster, Pennsylvania

Terry Ward
Lebanon, Kentucky

Gary Wright
Tekamah, Nebraska

STATEMENT OF SUSAN TACHAU, ASSISTANT DIRECTOR, THE NATIONAL CENTER FOR APPROPRIATE TECHNOLOGY, WASHINGTON, D.C.

Ms. TACHAU. Mr. Chairman, it is a pleasure to be here. I am with the National Center for Appropriate Technology. We are a nonprofit organization principally funded by the Community Services Administration. Our mission is to promote and provide appropriate technologies for the poor and we are the only R. & D. organization who has that focus.

I will make this short since you have gone through a lot of other testimony. The major emphasis we would like to place is on our "Energy and the Poor" paper. It is a policy paper which we completed late this fall, and our solutions coincide very closely to this bill H.R. 6619 and we are very supportive of that bill.

The first program which we mention in our paper is the crisis intervention program and we understand that these payments are very important for poor people, otherwise they will literally freeze, but that cannot be where the focus is laid. We need to emphasize weatherization programs and we have some very specific comments to make.

One is that the Nation's 16 million low-income residences be weatherized in the next 5 years. We recommend that an average of $1,500 be expended per residence with expenditures of up to $4,000 per residence be permitted in cold climate areas.

The limitation of expenditures for structural improvements should also be removed so that energy saving measures, such as roof repairs, can be accomplished.

Currently there is also an expenditure limitation of $100 per residence for furnace repair and maintenance. This should be removed. Furnace tune-up and repair can make a significant improvement in the efficiency of home heating and such expenditures should not be limited if they are to be demonstrated to be cost effective.

Such a massive program as this that we promote could save up to 50 percent or more of the energy consumed in such weatherized residences. Upon completion of this weatherization program, the equivalent of more than 410,000 barrels of oil per day could be available for other uses. This energy will probably be delivered at a cost of $8 to $16 per equivalent barrel of oil, or less than half the cost of the synthetic oil.

Our last program, which you mention in your bill and we think is an extremely important program, is the solarization. That is the next step after the weatherization program. We recommend that the solarization program be modeled after the Federal weatherization programs. It would employ both active and passive systems. Solarization crews would install active systems purchased by the government from commercial manufacturers. Preference would be given, where possible, to community-based solar manufacturers.

Solar crews would both construct and install passive systems. The program would be initially funded at the $50 million level with expenditures increasing with the capability of the industrial and labor base to absorb them.

Our goal is to solarize 5 million low-income households within the next 5 years. This is the third of our three steps which we want to address in 6619. A copy of our "Energy and the Poor" paper we would like to enter into the record.

Mr. ANDREWS. Very good.

Ms. TACHAU. Thank you.

Mr. ANDREWS. You did keep it rather short, but you made a lot of good points. Thank you very kindly.

I understand that another gentleman wished to speak. We have a vote and I just do not believe I can come back again. Could you summarize a very brief statement within maybe a minute or two?

Mr. CORRALEJO. Yes, sir.

[Prepared testimony of Jorge C. Corralejo follows:]

PREPARED TESTIMONY OF JORGE C. CORRALEJO, NATIONAL ENERGY DIRECTOR, REPRESENTING NATIONAL ASSOCIATION OF FARMWORKER ORGANIZATIONS

I am Jorge Corralejo, representing the National Association of Farmworker Organizations (NAFO), a national coalition of farmworker governed, community-based organizations. On behalf of the organizations and individual members comprising the Association mmebership, I'd like to thank the Subcommittee for he opportunity to present our comments on H.R. 6619.

The Economic Opportunity Amendments of 1980 should provide the answer for community-based farmworker organizations that wish to continue providing energy conservation and home weatherization services to migrant and seasonal farmworker families.

The problem for farmworkers and farmworker organizations is that Public Law 94-385, the "Energy Conservation and Production Act," only authorizes funds to the States, and further mandates the States to develop a plan insuring that funds will be allocated to a community action agency (CAA) in carrying out emergency energy programs. The only exception to the States' granting priority to the community action agency occurs if it is determined through a public hearing that the community action agency has been ineffective in carrying out its program or is clearly not of sufficient size to develop and support a weatherization program. Because of this language, farmworker organizations cannot receive direct funding from either the Department of Energy nor the States to operate weatherization programs for the farmworker population.

Prior to the transfer of all weatherization funds to the Department of Energy, the Community Services Administration (CSA), administered weatherization programs for farmworkers, directly funding farmworker organizations to administer services. During this time CSA increased the farmworker energy funding levels in 1977 and again in 1978, in response to both the growing need for home weatherization and the service capability of farmworker organizations. CSA established a farmworker-governed conduit system in each of the 10 federal regions to facilitate the distribution of weatherization funds. Two years ago these 10 conduits received a total of $3.2 million dollars to carry out the home weatherization/energy conservation activities for farmworkers. This conduit system has resulted in delegate contracts to 80 other farmworker organizations throughout the U.S., serving the farmworker population. In addition to home weatherization program funds, CSA set aside—

$20 million in 1977 and again in 1978 to go directly to farmworker and Indian programs in the Emergency Energy Assistance Program;

$500,000 for a National Energy Training and Technical Assistance Grant, enabling farmworker organizations to receive via a team of area energy specialists the best in energy program training; and

$535,000 for research and demonstration, funding sixty-two farmworker organizations to develop appropriate technology projects, geared toward alleviating the energy dependency of the farmworker population.

Because of these special emphasis grants, farmworker organizations have in place a sophisticated and experienced energy conservation/home weatherization system. However, exclusion from the DOE program is resulting in the dismantling of this network of service capabilities.

The Economic Opportunity Amendments of 1980 in returning the low-income weatherization program to CSA and, allowing for direct funding to farmworker programs would eliminate the unnecessary adversary situation that farmworker organizations would have to assume in order to receive weatherization funds for the farmworker population. It would also revive the national network of over eighty capable energy conservation services provides operating in over 40 states. I would like to note that on this position we have the support of the CAA association NCAAEDA.

Past experience has demonstrated that national program funds, administered through the states, will never effectively serve the farmworker population. The farmworker population transcends both state and regional boundaries, and the exception is the state which includes farmworkers as a priority within its state plan. It is because of this political reality that Congress mandated the development of the Migrant Health Program, Migrant Education, Migrant Head Start, and the Farmworker Employment and Training Program. And, Congress recently reinforced this recognition of the unique problems in service delivery for farmworkers by creating a separate title (Title IV) for farmworkers through the Community Services Act of 1978.

We at NAFO strongly support H.R. 6619 and appreciate your recognition of both the unique problems in service delivery for farmworkers, as well as the expertise of farmworker organizations in providing weatherization services, assuring that farmworker families will receive their share in the weatherization assistance program.

Thank you.

STATEMENT OF JORGE C. CORRALEJO, NATIONAL ENERGY DIRECTOR, NATIONAL ASSOCIATION OF FARMWORKER ORGANIZATIONS

Mr. CORRALEJO. My name is Jorge Corralejo. I am with the National Association of Farm Worker Organizations, and very briefly I just came here today to represent our membership and make the case for the administration of the weatherization program for the Community Services Administration.

Prior to the transfer of funds from CSA to DOE farmworker programs operated in over 40 States, operated weatherization programs and appropriate technology, consumer education, all of these types of energy program areas. Since those moneys have been transferred, however, farmworker programs have been excluded from participating in the weatherization program.

What this has meant is that a tremendous investment has gone into the training, the preparation of over 80 farmworker organizations throughout the country that have the capability and the sophistication to provide these services well. They are no longer able to participate.

The Department of Energy has not been very receptive to either the investment that has been made by the Government in these programs nor in the sensitivity to serve the farmworker population located in the remotest parts of the country.

Again, very briefly, I am here to make that case. We feel very strongly that the program deserves to be in the Community Services Administration where they do respect the delivery capabilities of farmworker programs and their ability to deliver. We have firm support from the community action agencies on this issue as well.

Mr. ANDREWS. Thank you. I think we have had a unanimous recommendation today that this be in the Community Services Administration program rather than the DOE program. We do appreciate your concern for not only yourself but for the people that you represent.

Mr. CORRALEJO. Thank you very much.

Mr. **Andrews**. Thank you for being here. If you have a complete statement would you please give it to the reporter.

Mr. **Corralejo**. I have already submitted it.

Mr. **Andrews**. All right. It will be made a part of the record. Again, thank you.

We will adjorn now and hope to get to work in incorporating these works into legislation. Thank you all very kindly.

[Whereupon, at 2:36 p.m., the meeting of the subcommittee was adjourned, subject to the call of the Chair.]

ECONOMIC OPPORTUNITY AMENDMENTS OF 1980

WEDNESDAY, MARCH 26, 1980

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met at 10 a.m. in room 2261, Rayburn House Office Building, Hon. Ike Andrews (chairman of the subcommittee) presiding.

Members present: Representatives Andrews, Kildee, and Coleman.

Also present: Representatives Jeffords and Petri.

Staff present: Gordon A. Raley, staff director; Neil B. Krugman, legislative counsel; Deborah L. Hall, clerk; John E. Dean, minority legislative associate, Nathaniel M. Semple, minority senior legislative associate.

Mr. ANDREWS. Good morning.

The Subcommittee on Human Resources convenes this morning for a second day of hearings of discussion of H.R. 6619, a bill to establish a comprehensive energy conservation services program as part of the Economic Opportunity Act. We have with us today representatives from the Department of Energy and the General Accounting Office, as well as some State and local officials from the Northeast. Since holding a second day of hearings was strongly encouraged by the minority members of the subcommittee, let me defer at this time to Congressman Coleman the ranking minority member of the subcommittee, for any statement he may have.

Mr. COLEMAN. Mr. Chairman, thank you.

The subcommittee today continues hearings on H.R. 6619, legislation calling for over $2.5 billion to be spent on weatherizing the homes of the poor, elderly, and severely handicapped over the next 3 years. Since the Federal Government first became involved in weatherization, both the Community Services Administration and the Department of Energy have administered the program. The records of both agencies leave much to be desired: Poor management and difficulties in securing an adequate supply of labor have characterized both programs.

In H.R. 6619, this committee is, in effect, being asked to give CSA a second chance in running the weatherization program. In considering this legislation, it is imperative that the committee seek to avoid the mistakes of the past. I am hopeful that today's hearing will provide us with additional information on the needs and goals of the weatherization program.

One of the principal problems in the administration of the weatherization program has been the split personality that has characterized it since its inception. By attempting to balance employment and training activities with weatherization, the goals for weatherizing dwellings have consistently been unmet. The losers in the bureaucratic mess that has ensued have been not only the taxpayers of this country, but also the poor, elderly, and severely handicapped, who have been forced to continue to live in poorly weatherized homes despite the fact that funds have been available to weatherize them.

I believe that the time has come to recognize weatherization—and the savings of energy—as the clear, No. 1 priority of the weatherization program. To the extent that the employment and training components of the program impede weatherization from being carried out, I believe these components should be altered.

In today's hearing I will specifically be seeking testimony on the experience of both CSA and DOE weatherization programs in securing adequate labor resources to carry out weatherization. On the basis of this testimony, I am hopeful that changes can be made in the existing weatherization program to make it an efficient, well-managed, cost-effective program.

Mr. Chairman, I thank you for holding the second day of hearings on this very important subject matter.

Mr. ANDREWS. Thank you. May I say that it has been a pleasure to work with minority members of this subcommittee. Our Republican friends have been most attentive and cooperative.

Our first witness is from the Department of Energy, Mr. Joe LaGrone. You are Director of the Weatherization Special Projects Office, Department of Energy. We are very pleased to have you, sir. We look forward to your statement.

You are welcome to read any prepared statements you may have. I would encourage you to summarize your statement, so that we can get down to the essence of what we need to do to improve the program.

Thank you, Mr. LaGrone, and with that I will let you talk.

[Prepared testimony of Joe LaGrone follows:]

PREPARED TESTIMONY OF JOE LAGRONE, DIRECTOR, WEATHERIZATION SPECIAL PROJECT OFFICE, DEPARTMENT OF ENERGY

Mr. Chairman, I am pleased to have this opportunity to discuss the Department's Weatherization Assistance Program and in particular to focus on recent efforts which have been initiated by the Department through the Weatherization Special Project Office. Before proceeding, I would like to briefly overview the program.

PROGRAM OVERVIEW

The legislative authority for DOE's Weatherization Assistance Program is the Energy Conservation and Production Act, Public Law 94–385 of 1976 as amended by the National Energy Conservation Policy Act, Public Law 95–619 of 1978. This legislation authorized the Federal Energy Administration (FEA, now DOE) to establish a Weatherization Assistance Program to aid low-income people (125 percent of poverty level), particularly the elderly and handicapped. Funds are provided to install insulation, storm windows, caulking, and weatherstripping, and other improvements to reduce heat loss and conserve energy.

DOE makes grants to States, the District of Columbia and Native American tribal organizations. The Governor or his designee applies for, receives and administers the grant funds. The funds are distributed by the States and the District to local governments and agencies, particularly Community Action Agencies to weatherize homes. Native American tribal organizations administer funds and also perform weatherization activities. Funds are allocated by DOE on a formula based on the relative need for weatherization assistance throughout the States. The formula takes into account the number of low-income households in each State and the annual heating and cooling degree days in each State, factored by the percentage of total residential energy used for space heating and cooling.

Grant funds can be spent for weatherization materials, program support, administration, labor and training and technical assistance. Program support includes salaries of on-site supervisors; acquisition of equipment and materials; and other operating costs such as insurance, warehouse rent and inventory control. Administrative costs are limited by statute to ten percent. The legislation also mandates the use of CETA labor to the maximum extent practicable.

The DOE program became operational in 1977. Prior to this time, the federal government's low-income weatherization program was administered by the Community Services Administration (CSA). DOE's program ran parallel to CSA in fiscal years 1977 and 1978. Currently, 49 states (except Hawaii) and the District of Columbia have DOE grants which are being implemented through more than 1,000 local organizations. Appropriations for the DOE Weatherization Assistance Program for fiscal years 1977 through 1980 are $490.5 million. Reauthorization of the program for Fiscal Year 1981 has been requested. The President's Fiscal Year 1981 budget requests $199 million in new appropriations.

DIFFICULTIES ENCOUNTERED

The DOE Weatherization Assistance Program has encountered significant operational problems which have slowed anticipated production rates. The unavailability of labor, inflexible regulations and management problems have contributed to the situation.

CORRECTIVE ACTIONS TAKEN

To overcome the labor problem, in early September 1979 the Department of Energy, with the participation of the Office of Management and Budget, joined with the Department of Labor and the Community Services Administration to develop a plan of action on national, regional and local levels. This Action Plan was designed to assure that DOE's Program be provided with adequate labor supplies through CETA prime sponsors, wherever possible, and that alternative arrangements be provided for where local conditions (i.e., a shortage, or unavailability of CETA labor) warranted them.

As a part of the Action Plan, DOE has since August 1979 issued waivers to permit program operators to hire working supervisors or contractors, if labor funded under CETA was unavailable, and to increase the established dollar limit per dwelling unit. Despite these efforts which did produce some positive results, problems have persisted. So on January 1, 1980 the Department established a temporary Special Project Office which is charged with correcting the situation. Specifically the Special Project Office was directed to: rapidly expand production; assure that labor necessary to install weatherization materials will be available; and strengthen program management.

The Special Project Office which reports to the Under Secretary has given the program higher priority, visibility and authority to deal with problems, all of which are necessary to speed up production. Since early January the Special Project Office has initiated a number of improvements including, development and publication of revised regulations; strengthening of program management at the National and Regional Offices; improving the reporting of financial and production data; and improving communications both internally and externally. Efforts are also underway to improve program guidance to the Regional Offices and to strengthen audit requirements for the program.

With respect to the amendments to the regulations which were issued as an interim final rule on February 27, 1980, the major changes will:

Permit the program operators (local governments, non-profit oganizations and Community Action Agencies) to use program funds to hire labor or engage contractors for installing weatherization materials in an area where a State determines that volunteers or workers funded through the Department of Labor's Comprehensive Employment and Training Act (CETA) program are not available. With the approval of the DOE Regional Representative, up to $1,600 may be spent per dwelling unit where severe labor shortages have been satisfactorily documented. Prior to these changes, program funds could not be used, without a special waiver, to hire labor directly or engage contractors to weatherize homes;

Increase the maximum allowable expenditure for weatherization per dwelling unit from $800 to $1,000.

Permit the States, with the concurrence of the DOE Regional Representatives, to determine the appropriate mix of materials, labor and program support costs within the $1,000 limit on expenditures;

Allow the use of program funds for "low cost/no cost" energy conservation measures as an interim approach to weatherization;

Establish greater flexibility for weatherizing rental dwelling units in a multi-family building; and

Allow DOE to make "tentative allocations" of weatherization funds among the States, and to make adjustments in funding based upon each State's accomplishment of program goals.

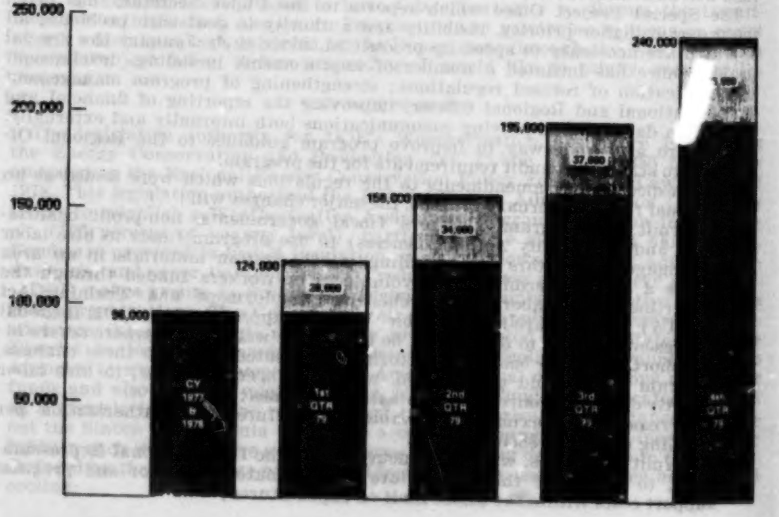
These amendments which provide greater flexibility at all levels of program management should further increase the number of homes weatherized. At the end of January 1980, 262,000 had been weatherized. Expenditures through January 1980 are approximately $105,000,000. The trends in both homes weatherized and expenditures are moving up. Homes weatherized in calendar year 1979 were 144,000 or approximately 50 percent higher than homes weatherized in the prior two years combined. Production rates rose consistently in each quarter of calendar year 1979. As illustrated in the attached charts and tables, in the first quarter of last year we weatherized 28,000 homes; 34,000 homes in the second quarter; 37,000 homes in the third quarter; and 45,000 homes in the fourth quarter. Expenditures in calendar year 1979 were $70,895,000 or approximately 183 percent of expenditures in the prior two years combined.

We are beginning to receive some on-site evaluation data which measures actual energy savings from weatherization. This data confirms our prediction of annual 12 percent—15 percent per home. In terms of energy saved, the 262,000 homes weatherized to date represent a savings of about 655,000 barrels of oil equivalent per year. Coupled with what we project to achieve by the end of 1980, the savings would be approximately 1,375,000 barrels of oil equivalent per year.

Putting all of these numbers in perspective, the program is moving and the production rates are increasing each month. Based on these trends and the projected impact of the recent amendments to the regulations, we expect to achieve a monthly production rate of 23,000 homes per month by late Spring which should rise to a rate of about 30,000 homes per month by December 1980. At this rate of production, we estimate that about 310,000 homes will be weatherized in 1980 and all but $110 million of funds appropriated through fiscal year 1980 would be expended by the end of December. With the carryover from fiscal year 1980 and the fiscal year 1981 authorization request, we would expect to weatherize in excess of an additional 300,000 homes and expend all prior year and fiscal year 1981 funds.

Mr. Chairman, this concludes my prepared remarks. I would be pleased to respond to any questions the Committee has.

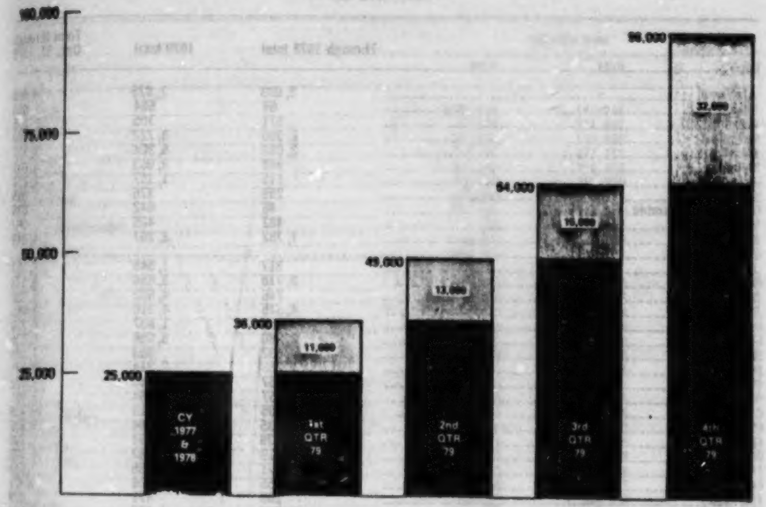
Homes Weatherized



best copy available

Weatherization Program Expenditures

(000)



ATTACHMENT I

Homes Weatherized

Calendar years 1977 and 1978	96, 000
1st quarter 1979	28, 000
2d quarter 1979	34, 000
3d quarter 1979	37, 000
4th quarter 1979	45, 000
Calendar year 1979	144, 000
Total through December 1979	240, 000

ATTACHMENTS II

Expenditures

Calendar years 1977 and 1978	$25, 056, 000
1st quarter 1979	10, 896, 000
2d quarter 1979	12, 629, 000
3d quarter 1979	15, 405, 000
4th quarter 1979	31, 965, 000
Calendar year 1979	70, 895, 000
Total through December 1979	95, 951, 000

ATTACHMENT III

HOMES WEATHERIZED

State	Through 1978 total	1979 total	Total through Dec. 31, 1979
Alabama	2,093	2,875	4,968
Alaska	69	564	633
Arizona	571	705	1,276
Arkansas	1,350	3,722	5,072
California	2,033	5,304	7,337
Colorado	948	3,053	4,001
Connecticut	115	1,157	1,272
Delaware	259	376	635
District of Columbia	46	642	688
Florida	482	485	967
Georgia	1,782	2,267	4,049
Hawaii			
Idaho	812	1,545	2,357
Illinois	2,718	3,654	6,372
Indiana	746	4,692	5,438
Iowa	4,345	4,310	8,655
Kansas	953	1,837	2,790
Kentucky	2,980	5,656	8,636
Louisiana	632	953	1,585
Maine	1,259	2,214	3,473
Maryland	767	2,085	2,852
Massachusetts	857	2,064	2,921
Michigan	4,805	5,913	10,718
Minnesota	3,535	6,304	9,839
Mississippi	639	1,961	2,600
Missouri	6,719	10,163	16,882
Montana	1,291	2,386	3,677
Nebraska	1,955	2,966	4,921
Nevada	208	471	679
New Hampshire	860	1,180	2,040
New Jersey	1,567	2,902	4,469
New Mexico	1,218	2,265	3,483
New York	4,926	3,562	8,488
North Carolina	1,132	2,033	3,165
North Dakota	1,325	4,186	5,511
Ohio	2,836	3,344	6,180
Oklahoma	2,493	1,713	4,206
Oregon	1,667	1,450	3,117
Pennsylvania	14,555	14,115	28,670
Rhode Island	1,087	671	1,758
South Carolina	994	1,639	2,633
South Dakota	1,794	1,830	3,624
Tennessee	1,561	3,858	5,419
Texas	1,850	3,050	4,900
Utah	309	765	1,074
Vermont	235	1,002	1,237
Virginia	4,238	5,260	9,498
Washington	2,325	3,861	6,186
West Virginia	1,741	3,067	4,808
Wisconsin	2,476	1,933	4,409
Wyoming	177	373	550
Total	96,335	143,983	240,318

ATTACHMENT IV

EXPENDITURES

State	Calendar year 1978	Calendar year 1979	Calendar year Total
Alabama	$390, 811	$1, 146, 246	$1, 537, 057
Alaska	87, 175	511, 962	599, 137
Arizona	127, 768	133, 980	261, 748
Arkansas	247, 666	1, 877, 155	2, 124, 821
California	490, 999	709, 863	1, 200, 862
Colorado	275, 277	758, 239	1, 033, 516
Connecticut	170, 000	1, 263, 172	1, 433, 172
Delaware	117, 310	142, 910	260, 220
District of Columbia	4, 785	341, 172	345, 957
Florida	94, 076	182, 205	276, 281
Georgia	483, 795	663, 621	1, 147, 416
Hawaii			
Idaho	236, 563	580, 183	816, 846
Illinois	1, 266, 986	1, 805, 705	3, 072, 691
Indiana	160, 977	2, 016, 714	2, 177, 691
Iowa	767, 649	2, 343, 664	3, 111, 313
Kansas	40, 000	711, 633	751, 633
Kentucky	603, 023	2, 571, 035	3, 174, 058
Louisiana	152, 877	704, 031	856, 908
Maine	354, 654	1, 286, 531	1, 641, 185
Maryland	358, 250	938, 755	1, 297, 005
Massachusetts	286, 557	2, 654, 948	2, 941, 505
Michigan	1, 467, 567	1, 815, 022	3, 282, 589
Minnesota	1, 418, 568	2, 568, 405	3, 986, 973
Mississippi	153, 837	607, 118	760, 955
Missouri	707, 773	8, 572, 698	9, 280, 471
Montana	357, 586	1, 337, 617	1, 695, 203
Nebraska	106, 312	1, 188, 899	1, 295, 211
Nevada	93, 605	2, 612, 373	2, 705, 978
New Hampshire	258, 000	825, 639	1, 083, 639
New Jersey	218, 456	291, 901	510, 357
New Mexico	247, 969	1, 313, 921	1, 561, 890
New York	981, 483	2, 142, 735	3, 124, 218
North Carolina	342, 472	916, 690	1, 259, 162
North Dakota	599, 807	1, 137, 286	1, 737, 093
Ohio	851, 074	1, 570, 977	2, 422, 051
Oklahoma	404, 576	368, 233	772, 809
Oregon	386, 738	614, 221	1, 000, 959
Pennsylvania	4, 322, 700	5, 466, 947	9, 789, 647
Rhode Island	227, 000	771, 230	998, 230
South Carolina	315, 057	854, 296	1, 169, 353
South Dakota	821, 472	1, 051, 703	1, 873, 175
Tennessee	344, 543	1, 758, 711	2, 103, 254
Texas	349, 308	1, 790, 014	2, 139, 322
Utah	286, 055	511, 557	797, 612
Vermont	131, 878	1, 410, 507	1, 542, 385
Virginia	1, 003, 835	1, 415, 583	2, 419, 418
Washington	277, 513	2, 518, 287	2, 795, 800
West Virginia	418, 000	1, 133, 540	1, 551, 540
Wisconsin	1, 165, 161	819, 369	1, 984, 530
Wyoming	79, 974	165, 838	245, 812
Total	25, 055, 517	70, 895, 141	95, 950, 658

STATEMENT OF JOE LaGRONE, DIRECTOR, WEATHERIZATION SPECIAL PROJECT OFFICE, DEPARTMENT OF ENERGY

Mr. LAGRONE. Thank you, Mr. Chairman. I do have a brief prepared statment which I would like to present. There is more material attached to that statement, which I would like to offer for inclusion in the record.

I am pleased to have this opportunity to be here today to talk about the Department through the Weatherization Special Project Office. cifically, to talk about the recent efforts that have been initiated by the Department through the Weatherization Special Project Office.

Skipping past some of the historical information, I will proceed directly to a summary and discussion of the problems that have been encountered and corrective actions that have been taken.

The DOE weatherization program has encountered significant operational problems which have slowed anticipated production rates. The unavailability of labor, inflexible regulations, and management problems have contributed to the situation.

To overcome the labor problems, in early September 1979, the Department of Energy, with the participation of OMB, joined with the Department of Labor and the Community Services Administration to develop a plan of action on national, regional and local levels. This action plan was designed to assure that DOE's program be provided with adequate labor supplies through CETA prime sponsors, whenever possible, and that alternative arrangements be provided where local conditions warranted it.

As a part of the action plan, DOE has since August 1979, issued waivers to permit program operators to hire working supervisors or contractors if labor funded under CETA was unavailable and to increase the established dollar limit per dwelling. Despite these efforts which did produce some positive results, problems have persisted.

So, on January 1, 1980, the Department established a temporary Special Project Office that has been charged with correcting the situation. Specifically, the Special Project Office was directed to:

1. Rapidly expand production;

2. Assure that labor necessary to install weatherization materials will be available; and

3. Strengthen program manegement.

The Special Project Office, which reports directly to the Under Secretary, has given the program higher priority, visibility and authority to deal with problems, all of which are necessary to speed up production. Since early January, the Special Project Office has initiated a number of improvements including development and publication of revised regulations; strengthening of program management at the national and regional offices; improving the reporting of financial and production data; and improving communications both internally and externally. Efforts are also underway to improve program guidance to the regional offices and to strengthen audit requirements for the program.

Let me briefly summarize the changes that were made in the regulations, published as Interim Final Rule, on February 27. These major changes were:

Permit the program operators to use program funds to hire labor or engage contractors. When hiring labor, preference is to be given to low-income individuals. When hiring contractors, preference is to be given to community-based organizations and/or small minority businesses. Those all can be engaged where CETA labor is not available, as determined by the State. Again, this puts the decisionmaking down at the State level to speed up the process.

With the approval of the DOE regional representative, up to $1,600 may be spent per dwelling unit where severe labor shortages have been satisfactorily documented. Prior to these changes, program funds could not be used without a special waiver to hire labor directly or engage contractors to weatherize the homes, eliminating paperwork and speeding up the process.

A second change increases the maximum allowable expenditure for weatherization per dwelling unit from $800 to $1,000.

A third change permits the States, with the concurrence of the DOE regional representative, to determine the appropriate mix of materials, labor and program support costs within the $1,000 limit.

A fourth change allows the use of program funds for "low cost/no cost" energy conservation measures as an interim approach to weatherization.

A fifth change establishes greater flexibility for weatherizing rental dwelling units in multifamily buildings.

And sixth, the new regulations allow DOE to make "tentative allocations" of weatherization funds among the States and to make adjustments in funding based upon each State's accomplishment of program goals.

I believe these amendments will provide greater flexibility at all levels of program management, and they should in fact further increase the number of homes weatherized. At the end of January 1980, approximately 262,000 homes had been weatherized. Expenditures through January were approximately $105 million. The trends in both homes weatherized and expenditures are moving up. Homes weatherized in calendar year 1979 were about 144,000, or approximately 50 percent greater than homes weatherized in the prior 2 years combined. Production rates rose consistently in each quarter of 1979. As illustrated in the materials attached to my formal statement, 28,000 homes were weatherized in the first quarter of 1979; 34,000 homes in the second quarter; 37,000 in the third quarter; and 45,000 in the fourth quarter.

In addition to these changes, we are beginning to see and receive some data from on-site evaluations which measure actual energy savings. This data confirms our prediction of annual 12 to 15 percent energy savings per home. In terms of energy saved, the 262,000 homes weatherized to date represent a savings of about 655,000 barrels of oil equivalent per year. Coupled with what we project for the end of 1980, the savings would be approximately 1,375,000 barrels of oil equivalent per year.

Putting all these numbers in perspective, Mr. Chairman, the program is moving and the production rates are increasing each month. Based on these trends and the projected impact of the recent amendments to the regulations, we expect to achieve a monthly production rate of about 23,000 homes per month by late spring. We expect this to rise to about 30,000 homes by the end of December 1980. At this rate of production, we estimate that about 310,000 homes will be weatherized in calendar year 1980. This will leave on the books about $110 million from funds authorized in prior years, including fiscal year 1980. With that $110 million and the funds requested in the budget for 1981, we would expect to use all of that money and to weatherize about another 300,000 homes in 1981.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you have.

Mr. **Andrews.** As we are having this hearing primarily at the request of Mr. Coleman, we will defer to him for the first question.

Mr. **Coleman.** Thank you, Mr. Chairman.

I want to thank Mr. LaGrone for his statement. I think he was very candid with us in pointing out some of the shortcomings that the Department has had in this program. I think that is a very appropriate thing to do. I do not want to dwell on those shortcomings. Rather, I want to learn from those shortcomings, and build upon the basis of some of the testimony included in your written statement.

You mention the fact that we all know the Department has experienced management and regulatory difficulties in the weatherization program. I was wondering if you would tell us, outline specifically, what changes in regulations the Department has made which have allowed you to be more flexible and get over the bump, if you will, of some of the problems that you originally had.

Mr. **LaGrone.** I think the climate in which we are working today is directly responsible to the new Secretary of Energy last fall. His personal and professional commitment to energy conservation is a top priority, the Nation's quest to save energy. I think that climate has been created and has permitted us to operate in this environment to produce these changes and get this program moving.

Mr. **Coleman.** Well, more specifically, the regulations governing the weatherization program were changed. Would you want to comment on those?

Mr. **LaGrone.** Yes, sir. In December, when the Secretary and the Under Secretary decided to create the Special Project Office I was asked about taking on this effort. As a part of taking on this effort and to make a serious attempt to get it moving, I was given a broad charter—authority, responsibility to go make decisions. In my normal job I am a manager of a large field operations office, and I am accustomed to running large programs and projects, making decisions, and making things happen.

That has contributed to this environment of change.

Mr. **Coleman.** Well, specifically on pages 4 and 5 of your testimony you do spell out some of those changes. What I am suggesting is that it provides you more flexibility in meeting the goals of the prgoram, does it not, the new regulation?

Mr. **LaGrone.** Yes, it does.

Mr. **Coleman.** You feel this has been a successful effort now, since the new regulations that you have promulgated and used as guidelines? You had some problems in the beginning, and I want to point out that you have eliminated many, if not all, of these problems by charting a new course. I would like to have you discuss that.

Mr. LaGrone. All right, I thought you were trying to focus on the management climate of the program which, in my judgment, does have a lot to do with what has happened here, regulatory wise.

Mr. Coleman. I am sure it does.

Mr. LaGrone. Turning to the first change, labor, for example. As I told the people when I came into town to run the Special Project Office, I was not coming in to convene a grand jury and try to indict the past. I wanted to learn from the past and try to reflect that learning because today and tomorrow we can impact the change.

Under prior efforts the hiring of labor, for example, had not been permitted until the waiver process was kicked off last August. However, in looking at the large amount of dollars that had been stacked up and not spent, and knowing that we did in fact have the legal authoritiy to go and hire labor, we started to structure an approach that where CETA labor is not available we thought and believed that program operators should have the flexibility of several options. One of these is to hire, preferably, low-income people; the other is to take the contractor option, which I outlined in my prepared statement.

That, I think, is a significant step forward. We have learned some things in the labor process last fall, that the cost of doing weatherization work is moving up. Under one of the waivers that was granted, which had to be requested on the advice of a policy advisory committee at the State level, about 45 States requested that particular waiver to move the limit up from $800 to $1,000. So, we used this experience in moving this up to $1,000.

In the area of program support versus material, versus labor, early regulations had built in percentages for program support. My personal view is that percentages lack that, unless based in statute. They tend to create what I call a "cookbook" approach to management. Ten percent in one part of the country may be adequate, but another part of the country may need 13 percent. So, in looking at that $1,000 per household it was our judgment that the people at the local level, the program operators, the States, and then eventually negotiating with the regional representative out in the field, are in a better position than the people in Washington to determine what part of that $1,000 should be for program support. We have retained control but tried to provide enough flexibility that reasonable people, exercising responsibility and judgment, can make decisions.

So States now, for example, have the authority, working with their program operators, to adopt a uniform program support level across the State, or if a particular area within a State needs to have a different mix, that too can be arranged with the State and the program operator. It does put that decisionmaking at a lower level where the work is taking place. That is the flexibility to achieve the job.

In the area of low cost/no cost, we understand that in some parts of the country there are people on waiting lists to have their homes weatherized. They are not benefiting from weatherization services, either in terms of comfort or saving of energy. It is our judgment that through some simple things like weatherstripping, caulking, glass-patching, some insulation to plug holes, that energy can be saved and people's homes can be made more comfortable. This can be done as an interim measure on a home that will eventually be fully weatherized. Infiltration will be blocked and come down.

We figure the cost will be up to $50 a household. We have built in the regulations the opportunity to raise that $50 if the State in fact negotiates such a deal with the regional represenative.

On the low cost/no cost, we do have some good, simple material that talks about human behavioral things that can be done beyond the weatherization materials: closing drapes, turning down thermostats, pulling blinds. We have arranged to have copies of this brochure mailed to all homes that have already been weatherized. Copies will now be given to the homes to be weatherized in the future. It is part of the education process.

We likewise have worked with the ACTION Agency in an effort which began up in Fitchburg, Mass., last fall, where they are now going to about 18 cities to try to replicate what happened in Fitchburg—using volunteers and using low cost/no cost materials to save energy in about 18 cities. I think this is an area that can make an important contribution.

In the area of rental housing, that has been a problem, as I read the record, throughout the history of the weatherization program. Some of the statistics that I have read indicate that last year, in the first three quarters in the DOE program, about 10 percent of the homes being weatherized were rental units. That is still not very significant when one looks at the number of units around the country, particularly multiunits, that are not weatherized.

There have been some restrictions in the area, making sure that benefits flow primarily to low-income families; restrictions on not raising rents or not creating undue enhancement/enrichment of the landlord's property. There is reluctance of some people at the State program operator level to enter into agreements for fear of noncompliance and landlords not wanting to be contractually bound by the Government on rentals.

It is our judgment that at least by permitting a situation where two-thirds of the tenants in a particular building are low income, to go ahead and weatherize the building so that everybody in that building can benefit.

Beyond that, we have discussed with the Department of Labor, members of the Domestic Policy Staff, as well as with OMB and Community Services Administration, the need to perform a study. Here I am talking about a study that will get on and not produce paper over the next 3 years, but a study that will get out and work with the cities and try to further identify what are the hard issues, what are the barriers, and what changes can be made programatically to speed up the weatherization; and if need be, out of this process, identify recommended legislative changes.

We also have under way in New York City a demonstration program. We have provided about $7 million in funding to weatherize about 7,000 multiunit dwellings. We intend to take that experience and distribute that information to the extent it is applicable to other areas on multiunit housing. It is an area that needs further addressing, and we are moving in that direction.

On the point about tentative allocations. A number of States have carryover funds from prior years. Before we obligated the fiscal year 1980 money and continue to pile money on the States that were not spending it, we wanted to try to get our arms around the problem and create an incentive situation in which the States would now move to use those moneys wisely to weatherize homes.

So, in the grants for 1980, those grants will take into consideration the carryover funds from prior years. Those dollars will be set against specific production quotas. Beyond that, the States will also indicate the needs they have for fiscal year 1980 funds.

At the midpoint of the grant there will be a review done to determine whether in fact the States have met those production quotas. If they have not, and have not for very good reasons, funds would not be advanced to those States for the balance of fiscal year 1980; particularly if they have enough funds to carry them through the rest of the year from what they have already had. As I say, I think that puts an element of incentive into it.

Beyond that, shoring up on the DOE side of the house in terms of accountability, the regional representatives who are the day-to-day program managers of this program will periodically brief senior management in Washington at the Under Secretary level, chief financial officer, the director of Intergovernmental Relations, and other principals, in terms of how they are doing on production, corrective action, short-falls, success stories that can be shared with others.

We are, likewise, working out management agreements with the regional representatives which lay out the players, the roles, relationships and responsibilities, one of which is to review the monitoring plans of the States with respect to their community action programs, to try to shore up the problems that have been experienced in that area.

I think these changes, both regulatory wise as well as management wise, will considerably strengthen this program and get the production rolling.

In the area of management, the other change we are making is an elevation in the position. In the past it has existed as a grade 15 position. It is my belief, and that judgment is concurred in, that the director of this office, considering the importance and the amount of work that is involved, volume of dollars and complexity of responsibility, should be a senior executive service position. I believe that is a reflection of high commitment to the program.

Mr. COLEMAN. Let me ask you some questions about the labor skills involved in weatherization. How would you describe the skills necessary to carry out the program on a local basis for laborers and people who actually did the weatherization?

Mr. LAGRONE. I think in about 85 percent of the homes weatherized so far under the DOE program all that labor has been CETA employees; the balance would be those used under the waiver system since last August.

The experiences vary from great to terrible. I have talked to a number of individual CAP directors who have complained about bad work habits, infrequent attendance, low skill levels, and also complained about the 18-month turnover and the inability to place in some instances people who have done well, have acquired skills, to go on in the program.

I tend to think that one of the cures of that, again, is good management—good management from the standpoint of supervisory skills.

training the supervisors who actually supervise the skilled workers, training for the CETA workers themselves.

A few weeks ago some of my staff and I went over on a Sunday afternoon, riding and walking through the city of Baltimore with the director of the program. He is an excellent manager. He has the commitment of his major to weatherization. That also influences the number of individuals that he receives to do the work as a prime sponsor. They run a very tight management program. They train their supervisors in a community college, and they have regular training for the CETA workers who are brought on board. As I told some people in Denver at a national weatherization conference in the first week in March, at the risk of offending those, I would hope Baltimore was a model of what can be done through good management. They did about 4,000 homes last year in the city of Baltimore alone. Recognizing, though, that there are areas around the country where CETA labor is not available, we have opened the door to hire direct labor and also to engage contractors. But that does not say that one can walk away when you hire direct labor because the issue of training and supervision still exists.

So, out of the program support funds and the way we have handled the program support under new regulations, onsite supervisors can be hired, and I think that will also tend to get to some of the problems expressed by some people about 1 supervisor for 12 people or 15 people.

Mr. COLEMAN. Getting back to one of my original questions, what kinds of skills do you think a person ought to have to do the job in order to provide weathetrization?

Mr. LAGRONE. You are talking about the person who is actually putting on the caulking, storm doors and windows?

Mr. COLEMAN. Yes. Do you feel that a great amount of skill is required? How would you characterize it, as a journeyman's skill, or unskilled? How much training do these people need?

Mr. LAGRONE. In my personal judgment, not a lot of training. The work that is involved is fairly simple. It probably requires dexterity as much as anything else to caulk. So, I do not really rate it as requiring high skills. I think what it really requires is good supervision and some training and motivation of people who are actually doing the work.

Mr. COLEMAN. This subcommittee heard testimony on March 6 suggesting that there are a lot of problems with the use of CETA and other workers on weatherization projects. One witness from California, for example, was asked where CETA workers go after leaving the weatherization program. She said most of them went to jail. That was her answer as to where her personnel were going. She also had a problem, which seems to be pretty common, with supervisory personnel. Do you want to respond to that?

Mr. LAGRONE. I just want to make one comment on that. Again to go back to the Baltimore model. The supervisors there and the manager of that program told me that a number of people working on the program are in halfway houses or right out of jail. They had success in getting those people to do the work. As a matter of fact, I toured one home that had just been bought by a CETA employee and had been rehabilitated.

I think with good management and building the right kind of climate for employees, whether they are skilled journeymen or professionals is essential to getting the job done.

Mr. COLEMAN. Well, as I have said in my opening statement, the weatherization program has two goals, two heads, if you will. Do you feel that the two goals of manpower training and weatherization are balanced under the approach the Department is now taking?

Mr. LAGRONE. I think that the savings of energy goal is being met. I think in terms of training I would have to qualify that answer. I could not tell you how many people have truly worked in the program as CETA employees and have been through the weatherization program. I would have to say that from the number of people that I know have worked in the program, the numbers of homes that have been weatherized, there should be a fair number of success stories out there, people who have in fact had an opportunity to earn a paycheck, contribute to society, and get skill under their belt.

Mr. COLEMAN. But the fact of the matter is that the employment and training goals of the legislation have been a hurdle as far as energy saving is concerned.

Mr. LAGRONE. I am not sure that CETA per se has been a hurdle. I think what has happened is relying on CETA as the only resource. I think by using a good proportion of CETA people where they are available, mix them in with other crews, and particularly for training opportunities, is a viable way to go.

But I think what is an essential is to make sure the door can be opened to other options when the CETA labor is not available, for whatever reasons. In some cases it is not the quality of labor; in some cases it is the commitment of a prime sponsor to provide people to fill those slots which the Department of Labor makes available to the prime sponsor. If a mayor or a county supervisor has other priorities, those people may show up there, as opposed to weatherization. That is a problem.

Mr. COLEMAN. So the directors of the local weatherization projects have been having recruitment and management problems?

Mr. LAGRONE. The community action directors get their CETA employees from the prime sponsor. The prime sponsors gets their slots from the Department of Labor, as well as the funding.

Mr. COLEMAN. But you are suggesting that you have better success when you have private contractors as supervisors.

Mr. LAGRONE. No, sir, I am not suggesting that. What I am saying is that in some cases it may make sense to mix some CETA employees in with some hired labor who may have some higher established skills, particularly work experience, from the standpoint of training.

Mr. COLEMAN. From the standpoint of paying these people, do you find any animosity built up between two employees doing the same thing, one being paid a different salary?

Mr. LAGRONE. I have had no personal experience with that in weatherization. It is a possibility, but again, I think if it is properly handled, like any other job situation where people are doing similar work but not necessarily the same in terms of responsibility, it should not be a killer criterion.

Mr. COLEMAN. Let me try to summarize and ask you to respond to this: From your testimony, from the answers that you have given today it seems to me that you are fairly satisfied with the present law that is on the books, and you do not feel it is necessary, really, to make any real changes in the legislation to provide you with the discretion to continue this program as it now exists. Is that correct?

Mr. LaGrone. We have been supporting two amendments to S. 932 that have to do with weatherization. One of those has to do with administrative cost, which has also been an area of complaints. The amendment that we support would permit the States to pass on a full 10 percent to local program operators, but no less than 5 percent. In many cases, it is our judgment, the program operators need a higher percentage than their current 5 percent.

We also have been supporting an increase in the repair amendment, take that level up to $150 from $100. The $100 has caused problems in some parts of the country from two standpoints. One, the perception of a very low number, which it is in today's economy. But the second thing we have found in talking to a lot of people is there is confusion around what really constitutes a repair cost. When we are talking about repair cost, we are talking about leaking pipes that would damage insulation and electrical hazards that would make an unsafe condition if insulation were installed over it. To try to clarify that, we are getting out a simple definition of what constitutes a repair cost. Hopefully, a standard definition around the country will add some enlightenment to it.

We also plan this year to try to better monitor people's experience with that $150, if that ends up being the repair ceiling, so that if a higher level is needed we again can recommend legislative amendments to that area.

Mr. Coleman. Does the Department have any permanent plans for reorganization when you leave the special project? Have you made any suggestions in this regard?

Mr. LaGrone. Yes, sir. That is also a part of our effort over the last 3 months. In discussions with the Secretary and the Under Secretary in recent weeks it is my judgment the Special Project Office can wrap up its activities at about the end of April. At that point in time, the weatherization program would exist as a Weatherization Office, which is higher than it was before. It will report to a Deputy Assistant Secretary for Conservation and Solar. So, it does have high visibility in the organization and likewise, as I mentioned earlier, will have continued high visibility, periodic briefings by regonal representatives and the Washington program manager on the status of the program—success stories failures, corrective actions shortfalls, etc.

I believe we have built integrity in the process to maintain the visibility. I think we have laid foundations and have gone beyond the foundation in getting the program moving so that when the permanent office takes over, it can move forward.

Mr. Coleman. Thank you very much. Thank you, Mr. Chairman.

Mr. Andrews. What is the relationship between the Department of Energy and the CSA as to the weatherization program?

Mr. LaGrone. To date and over the last 3 months I have met with Mr. Lee Foley who, I believe, is executive assistant to the Director of CSA, as well as Mr. Saul and others from CSA, have discussed where we are in the program. CSA participated in a review and comments on the draft regulations before they were published as a final rule. I believe through the efforts of Mr. Foley and myself that we do in fact have good communications going on what we can do programatically together. I mentioned, for example, the study that we are going to do on multiunit housing. Another item we have undertaken is energy crisis assistance funds. We plan to issue to program operators and States a memorandum pointing out that where individuals are receiving fuel assistance payments, if those homes are not weatherized, then those people very clearly should be moved onto the list to have weatherization services performed on their homes.

We have also been discussing with CSA criteria—I believe these discussions have been with Mr. Ed Freel, the criteria for the ECAP program and the weatherization program. I believe these criteria are essentially the same.

Mr. ANDREWS. What was the first?

Mr. LAGRONE. ECAP, it is the energy crisis assistance program—fuel assistance payments. Where that criterion is the same, then, if a person qualifies for one program, we do not have to generate more paperwork to go back to it again.

Mr. ANDREWS. I appreciate those responses, but who runs what? Is that money appropriated to the Department of Energy, or to CSA? Who has the purse strings?

Mr. LAGRONE. CSA—and someone from CSA may be able to respond to that question better than I—I believe received their last appropriation for weatherization a couple fiscal years ago. I think some of that money still exists around the country in various program organizations.

The DOE started receiving its first appropriations in 1977. So, for about 2 years the DOE and CSA were running parallel programs. I believe it was in 1978 that DOE was given the authority to go and do the full program. At that point, new funding was not provided to CSA. So, I believe CSA in the last couple of years has been been "working off" those funds that they have received from prior appropriations.

We received funding, I believe it was $199 million, in 1979; $199 million in 1980, and it is the same request for 1981. So, we have been receiving the appropriations under the ECPA–NECPA legislation.

Mr. ANDREWS. Does that legislation provide any proscribed relationship between you and CSA?

Mr. LAGRONE. That legislation talks about consulting with the CSA, I believe, on the development of regulations. I believe there are some other areas in the legislation which are not coming to mind precisely, about cooperation, consultation, and so forth.

Mr. ANDREWS. I am not at all adverse to the weatherization program being used to the extent it can reasonably be used to alleviate other problems in our society; hence encouraging the use of CETA labor might be desirable under certain circumstances. But you go a step further. I believe you said you authorize the use of labor from the private sector only where CETA labor is not available. It would seem to me that the criteria should be that CETA labor is either unavailable or unwilling, or incompetent to do the job, rather than just "not available." In other words, Although you may have some CETA workers available these workers may not be "motivated"—to use your word—to do a good job, or they may not be competent. Under such circumstances I would suggest you look to the private sector. I would remind you of something that you may already know: the Hill is covered today with homebuilders from all over the country. They met with the President yesterday. I will be meeting with about 80 of them from my district this afternoon. There are a tremendous number of highly qualified people in the building trade who are out of work. From that pool of workers, I would suggest, you could find people who for the most part are competent and motivated.

Again, I am not suggesting that you turn away from CETA as a source for labor but I do think that if you adopted realistic policies, you are your successor could eliminate virtually all of your labor problems.

Mr. LaGrone. If I may comment a moment, I would expect that a fair number of people who have been knocked out of employment because of the present condition in the housing market will find their way or find opportunities to do some of this work.

Mr. Andrews. How is payment of the CETA personnel handled? You have a budget and CETA has a budget. If you use CETA employees, do you pay the CETA employees, or are they paid out of the CETA budget?

Mr. LaGrone. It is my understanding that the Department of Labor budgets for those funds. I believe it is under title II(b) and title VI. So, the Department of Labor gets that money from the Congress, and in turn they pass that money down and that is used to pay the CETA employees.

Mr. Andrews. That was my understanding. Hence, do you mean, in instances where CETA labor is used, that the labor is free, in the sense that the laborers are not paid out of weatherization funds?

Mr. LaGrone. Yes, sir. Where the CETA labor is furnished that labor is free. The balance of that $1,000 we are talking about can be used for program support and materials.

Mr. Andrews. I wonder if that does not become too strong an inducement for CETA laborers to be used. In other words, if your weatherization sponsor is limited to $800 per dwelling and wants to do a good job, would he not be induced to devote the entire amount to materials and other costs, and get free labor from CETA, rather than go to the marketplace and get what may be far better labor, which he would have to pay for. Is that not an overinducement to use the CETA labor?

Mr. LaGrone. I do not know that I would share the view it is an overinducement, sir. From having talked with a lot of people who are involved in this program which experienced slow-downs or inability to do weatherization, I believe that most of those people are sincerely committed to getting the homes weatherized in a quality manner as fast as they can. If they have CETA people who are capable and competent, fine.

Mr. Andrews. Well, I am assuming that to be the case, but it does seem to me that if I wanted to weatherize a house and stay within the $800 or $1,000 limit, if I could get free labor, even it were only half as competent as the paid labor, I would be tempted to use it.

I do not think that would be the case if I had unlimited funds, but if you only give me $1,000 to weatherize a house, surely, if I can get poor labor free, I would probably rather do that than get good labor and have to pay for it.

Mr. LaGrone. I think local managers are going to have to exercise those choices, tradeoffs, recognizing when they negotiate a subgrant with the State, if the State is going to require production goals, that manager is going to have to take into account what labor sources, for example, the States do and will obtain from each program operator their plans for acquiring labor. So, I think it is incumbent upon that manager at the CAP level to provide the best sources of labor or mix of labor that he can to meet his production quotas.

Mr. Andrews. We have heard some phrases such as "double counting," as having been used with respect to reports on performance. Do you know what findings were made by the Inspector General in terms of whether there has been double counting, and just what does the term "double counting" mean?

Mr. LaGrone. The General Accounting Office also had a finding on that and a comment, I think, in the report, covering work that was done back in 1978. I believe it was done in the Dallas area. There were some indications that possibly homes that had been done under one program were reported under another, or vice versa. When we raised that with the Dallas office their comment was that they could have been, considering that the funds from CSA—as I mentioned earlier, had been depleted or are being depleted—the possibility of double counting should have been rapidly diminished. I believe that is the case today, sir.

Mr. Andrews. Do you know if there are other Federal agencies or departments which are engaged in any kind of weatherization program?

Mr. LaGrone. Yes, sir. The Farmers Home Administration is authorized to conduct a program, and I believe under HEW there is some kind of weatherization activity, it is authorized to get into that area.

If I might come back with one more comment on reporting of homes. As I mentioned in my prepared statement, we are in fact revamping the reporting structure. First of all, we are looking to the States to provide data, not try to collect individual data at the national level from each individual CAP around the country, generate a lot of requirements for information systems that we do not need and they do not need, and do not have the time and money to go do. So, we are going to collect our data from the States on a monthly basis.

We put an interim system in place on the 1st of March. We will have our permanent system in operation about the end of June. The kind of data we are going to be collecting will be the number of homes weatherized with DOE funds; the sources of labor that are being used so we can in fact determine how much CETA labor is being used, or if in fact the contract door has been thrown open and we may have to tighten the situation up somewhere down the line; and expenditures on a monthly basis. We will try to collect as little information as possible, but sufficient data for monitoring, so that we know a little better about where the dollars are going and where the production levels are.

Mr. Andrews. Mr. Raley has a question.

Mr. Raley. Mr. LaGrone, I am just curious. You mentioned that the issue of "double counting" was done largely in the Dallas area, I believe.

Mr. LaGrone. That is the one I recall from the GAO report.

Mr. Raley. That is a specific instance. Staff has been interested in looking at the budget request from DOE for fiscal year 1981 in volume 7, where you talk about energy savings from weatherization assistance. There you projected for fiscal year 1981 that you would be weatherizing some 320,000 homes. In your testimony, when you were giving it by quarters, it did not seem to be quite that much. Do you stand by that estimate of 320,000 homes?

Mr. LaGrone. You are talking about fiscal year 1979?

Mr. Raley. No, fiscal year 1981. This is the DOE request for fiscal year 1981.

Mr. LaGrone. Yes, sir. Let me say two things, if I may, one that may sound a bit defensive. I was not in town and did not participate in the preparation of that budget. As I have told people, if you add the numbers in there that indicate the number of homes that should have been weatherized through the use of fiscal year 1979 funds, that is about 753,000 homes. We are nowhere near that at this point, obviously.

Mr. Raley. Let me ask you this question to follow up. When you were talking about the amount of work that DOE had done, entitled, "Energy Savings from Weatherization Assistance," I gather you were speaking of money that DOE has gotten since fiscal year 1977. You list an expenditure of around $685 million—when I say "you" I am talking about the Department of Energy people who did the budget.

Mr. LaGrone. Right.

Mr. Raley. And you give a projected figure through 1981 of weatherized homes of 1,393,000. Do you stand by that figure?

Mr. LaGrone. No, sir, I do not stand by that figure. As a matter of fact, I have been talking with the Controller's Office about getting to the Hill new data to update the actual history that has taken place on weatherizing homes, as well as new projections.

Mr. Raley. If I might follow up on Congressman Andrews' earlier question by asking you two. First: why do you think the figure is so inaccurate, and second, could that possibly be the result of what is called "double counting?" Is it possible in the projections, when they give that 1,400,000 figure, that they are justifing the budget request by counting homes that were weatherized by CSA funds, or by FHA funds, or any other Federal funds?

Mr. LaGrone. I do not believe that is the case. I think what happened is, in the past, as people undertook different initiatives to try to cure labor problems and management problems, optimistic projections always came out. I think those are the numbers you are looking at here. I do not think those numbers really reflect double counting. I know last fall the press release that was put out on establishing the Special Project Office indicated that as of some time through September, that the CSA program had done about 400,000 homes and the DOE program at that time had done about 215,000 homes. I forget whether that number was through September or October. But I do not think that those numbers there reflect any double counting at all.

When I say I do not stand by those numbers, as I have mentioned, we have done through January 262,000 homes, and that would include the 18,000 done in January; we will do about 310,000 this year. That is based on the changes we have seen last year on a quarterly basis. There was about a 23-percent change, from 28,000 to 34,000, to 37,000, to 45,000. If that trend continues and if the impact of these regulations occurs as the States have indicated to us they will, we think we will hit those levels.

Mr. Raley. For fiscal year 1981, do you have a figure you can stand by for what number of homes you project weatherizing?

Mr. LaGrone. As I mentioned, we expect to have at the end of calendar year 1980 something like $110 million left over from prior year funds. If you put that with our budget request, we would expect to do about 300,000 homes. I can give you better figures with about 6 to 8 months' experience under our belt to see how much hired labor, how much contracted labor; that is going to have some impact on it as well as inflation.

Mr. Andrews. Mr. Kildee, do you have questions?

Mr. Kildee. In the new regulations the Department states:

> If the DOE finds that labor sources available under CETA are not being employed by program operators, or that program funds are not being used to purchase weatherization materials to the maximum extent practicable, DOE will undertake necessary corrective actions.

I am interested in how much change these regulations really represent in light of the fact that in the past DOE has interpreted the statement "maximum extent practicable" to bar the use of non-CETA labor.

Mr. LaGrone. In the past the "maximum extent practicable" has been construed to say you have to use CETA, period. That door has now been opened up to hire the labor.

What we are saying is this, the statute requires us to use CETA to the maximum extent practicable, so we cannot ignore that requirement. What we have structured here are three options, that if in fact that labor is not available, then a program operator, working with the State, can go get that labor, whether it is direct hires or whether it is contractors.

Let us talk about an area that I will term "abuse." If DOL, working through a program or prime sponsor, has made people available and somebody just says, "I do not want that person under any set of circumstances, I have had nothing but bad experience with CETA people," that is what I call abuse. There has to be some determination around that. Otherwise, the Government is wasting a lot of money over there hiring people who are not doing anything, and the DOL is getting money stacked up in the CETA program. But where in fact they can get people, they now have the option and the opportunity to go do it.

Mr. Kildee. So you would say, then, that expression would be interpreted more loosely than it has in the past, that it does not really bar the use of non-CETA labor.

Mr. LaGrone. Absolutely, sir, it would not.

Mr. Kildee. Maxine Savitz, the Acting Assistant Secretary of Conservation-Solar Application stated that, "Even under the action plan, CETA will continue to be the backbone of the weatherization work force."

What do you think of that statement?

Mr. LaGrone. Well, the action plan ran from the first part of August until the end of December. It was in December when the Secretary decided that there were still substantial problems with the weatherization program and what was needed was a concerted effort; new management approaches for the management of the program; new regulatory changes, and with that, the advent of the Special Project Office; the regulations you have before you; as well as the other changes that we spelled out today.

I would still expect that CETA will provide a substantial number of employees, and we would expect program sponsors or program operators to try to obtain as many CETA employees as they can. But again, if they cannot obtain those people, we would not want to see them stand in line or wait and do nothing for weeks or months, close down programs, not use dollars, and stack up materials.

Mr. Kildee. So, we could expect less rigidity on that.

Mr. LaGrone. Yes, sir; they do have that option. As I mentioned earlier, the determinations in the past, even to get a waiver to use other than CETA labor, had to come through the Department of Labor on a regional level, go to the Department of Energy regional office, and in some cases come all the way back to Washington. That took a lot of time, particularly if you have a crew out there that you can line up to do the work.

That decisionmaking now has been moved to the States to make that determination. We think that will speed the process up. I think it also puts the decision at the point where it belongs: at the State and the local level.

Mr. Kildee. I think the purpose of this bill really is to make sure that the person out there who needs weatherization receives weatherization. I think this is why we had some concerns in the past over how the program has been administered. I think that is the reason Mr. Andrews has introduced the bill and why I have been supporting the bill. The bottom line is the person who needs weatherization on his or her home gets that weatherization, and that we have less rigidity in the manner in which that weatherization is provided.

Mr. LaGrone. We agree completely.

Mr. Kildee. Thank you very much.

Mr. LaGrone. Thank you.

Mr. Andrews. I would like to thank you for coming and undertaking this very difficult job, I am impressed that you probably have done a very good job. I am sorry to hear that you will soon be leaving. I believe you have made a good contribution.

Mr. Petri?

Mr. Petri. I did have several questions to follow up what Mr. Kildee was saying, in two areas. How well has the program been administered in the Department of Energy, and should it continue there?

The Bureau of Labor Statistics indicates there are about 14.5 million households in the poverty area. You have indicated you are planning on weatherizing about 300,000 during fiscal 1981. How was that figure arrived at, the 300,000?

Mr. LaGrone. The 300,000 is arrived at by looking at the rate of progress that started taking place in calendar year 1979 on a quarterly basis, which was about a 23-percent change. That was without the benefit of the revised regulations which give the operators and the States some additional flexibilities.

So, we combined what we assess—and it is a projection—we think we can hit that level. Also, in talking with a number of States, particularly during the first week of March, there is a lot of optimism that in fact the program can move forward and that the bottlenecks have by and large been broken.

What remains now is to clean up what I call communications, to get down to the regional offices and to the States and to the program operators good, clear, clean instructions that implement these regulations. We have tried not to put everything in the regulations but look at the regulations as things that have to control law and management principles. But to do the implementation on what we call Weatherization Assistance Guides.

Over and above that interest in communications, we will after the final regulations are published do what I call a plain English version of the regulations, a more digestible version, shorter, more to the point, nonlegalistic, so the average citizen or a worker, or anybody else who may have an interest in having his home weatherized can sit down and read the thing and really understand what is permitted and under what conditions.

Mr. Petri. Now, to step back just for a minute, what is the justification for the weatherization program being administered by the Department of Energy at all, rather than some other agency?

Mr. LaGrone. The Congress made the decision in 1978 to place this program in the Department of Energy, so that it could be coupled with the rest of the energy conservation programs in the Department of Energy. I still think that is valid justification. In terms of ability to deal with the poor, I think the same people who are trying to supply adequate supplies of gasoline, heating oil, motor fuels, electrical power, appropriate technology, energy extension services, and solar utilization haev the capability to deal with a wide mix of people in this country.

Mr. Petri. Now, the fuel assistance program is not in the Department of Energy.

Mr. LaGrone. No, sir; it is not. That program was set up and is being administered today by the Community Services Administration.

Mr. Petri. And yet, when someone comes in and applies for fuel assistance, you would think they would be logical candidates to receive priority, or at least a good look as to whether they need weatherization.

Mr. LaGrone. Yes, sir. That was the point I think I had commented on before you arrived. On that particular point, what we are doing in discussions with CSA is issue notices to the States and the program operators that those individuals receiving energy crisis assistance payments, if their homes are not weatherized, ought to be moved right up at the top of the list, particularly if they are older or handicapped.

The other thing is, if in fact, as I understand is the case, that the CSA criteria for energy crisis assistance funds are the same as our weatherization criteria, then if you qualify under one program, you automatically qualify for the other. That saves the homeowner or the renter a lot of paperwork, and it saves the Government a lot of paperwork, which has been a problem, too.

Mr. PETRI. Now, do I understand correctly that there are about $400 million of funds that have been authorized but not expended?

Mr. LAGRONE. I believe, through fiscal year 1980, a total of $490 million have been appropriated. Through January, we have spent $105 million. Let me cover one point here. Before we obligated the 1980 money and got that on the street, and piled money on the States who were not spending it, we wanted to get in place some mechanisms and controls that would insure the use of the prior year funds that were still on the books, as well as the 1980 money. So, States receiving money this year will have to reflect good, hard production quotas. If they have done a bad job in the past in using the money to weatherize homes, they may not receive any money for some period of time in 1980 until they have demonstrated an ability to use what they already have. So, we would plan to use, in some cases, incremental funding approaches. It puts the performance on the States to get the programs in the right office, get the right people on it to do a better job of monitoring, quality control, and all the things that consist of good management.

Mr. PETRI. Now, I understand in the Senate, Senator Cranston had an amendment adopted which provides the transfer of funds to CSA if they were available and if there were bottlenecks. Do you know why that was not done to get this program moving, rather than letting the funds pile up?

Mr. LAGRONE. I think the Department's judgment—and I am only speaking for those 90 days since I have been in town—we think we can make this program move in DOE and get the job done and use those funds.

Mr. PETRI. Now, Mr. Kildee touched on those figures, too. I cannot make head nor tail out of all of your projections for weatherizing and what has actually happened in the real world. The figures I have are as of 6-30 last summer, you weatherized about 185,000 homes, but were still projecting weatherizing 693,000 through the end of fiscal year 1979, 3 months later. Did you say you were going to update those figures?

Mr. LAGRONE. Those figures will be updated. Very frankly, a part of what we have done is throw away the history books in those areas where I knew those numbers are not correct. We have not thrown away the history books where we can learn from prior problems and experiences. Through January 1980, we had done 262,000 homes; that is where the numbers stand today. There were 18,000 homes done in the month of January, and if you include that in our estimate of 310,000, then that balance is expected to occur over this calendar year 1980.

Mr. PETRI. I believe you touched on these questions so far as administration, but just to reiterate briefly, is your tenure up next Monday?

Mr. LaGrone. I have been in town 3 months. As I mentioned in my real life I manage an operations office for the Department of Energy. I will be coming in and out of town during the month of April. I will still be involved in this project, guiding, directing, and running the show, if you will. I will be leaving in town the people that I have brought in with me to augment the Special Project Office, one of them is my deputy. In this period of time—and I expect the permanent director to be selected within the week—we will be getting that person on board, to orient that person to the process, to the program, to the changes, to the need for communications, and make sure he or she meet the right people.

Mr. Petri. Do you know who that person is?

Mr. LaGrone. We have discussed several candidates, and the final call on that will rest with Assistant Secretary Stelson and his Deputy Assistant Secretary, Mr. Mel Chiogiogi.

I obviously expect to have a hand in that. As I have told some people, it is my view that what is needed in here is a manager, not a technologist; somebody who has capability to deal with human beings, to communicate, to take the lead, if necessary, to listen to different points of view, and to exercise good judgment.

Mr. Petri. To whom will this person report?

Mr. LaGrone. That person will report to a deputy assistant secretary, Mr. Chiogiogi, a Deputy Assistant Secretary for Conservation and Solar Energy. His actual program area is what is called State and local assistance programs.

Mr. Petri. Now, how does coordination work with the Farmers Home Administration? They have a program, too.

Mr. LaGrone. They have a program and, frankly, this is an area on which I am not in a position to comment; it is one that needs attention, that needs some work on it. We have over the last 3 months focused most of our efforts to work with the Department of Labor and the Community Services Administration. HUD was involved in the review of the regulations as was the National Bureau of Standards.

Mr. Petri. As part of this program, has the DOE then been doing anything so far as developing efficient weatherization methods?

Mr. LaGrone. Under a different program in DOE, about 8 weeks ago a set of standards for the Residential Conservation Service were adopted. We are looking at adopting those standards when we go with the final rule for this program. We did not do it at this juncture. We retain the same standards because, quite frankly, we wanted to put the focus on mechanisms to get the program moving. Availability of materials and quality of materials have not been identified as major problems. We have seen some variations in prices for essentially the same units across the country, and we are doing a study to try to understand why essentially the same item costs *x* amount in one place and *x* amount in another. But the availability of quality materials has not been a problem.

Mr. Petri. I am concerned; I represent an area in Wisconsin, and this is an important program in our part of the country. I was interested to hear you indicate energy savings of around 19 percent, if I remember correctly.

Mr. **LaGrone.** 12 to 15 percent.

Mr. **Petri.** 12 to 15 percent.

Mr. **LaGrone.** This is data from a study done by the Mid-American Solar Energy Center.

Mr. **Petri.** In our own programs in my area, the average savings they had estimated were 29 percent.

Mr. **LaGrone.** 29 percent?

Mr. **Petri.** But it is colder in Wisconsin, so perhaps the potential for saving is greater than in other parts of the country. In any event, I would hope that they would take a look at different percentages of savings to see if some things are being done right in some areas that perhaps are being neglected in others.

Mr. **LaGrone.** Yes, sir. I think behavioral patterns, if you will, of the person residing in a building have a lot to do with those percentages. As I said earlier, if the drapes are closed, blinds are drawn, doors are properly closed, thermostats are turned down, et cetera, you can add to energy savings.

If I might comment on your State of Wisconsin, I did have the opportunity to check briefly with Barbara Samuel. She is quite optimistic about what can be done under these revisions to the program in the State of Wisconsin.

Mr. **Petri.** Thank you. Thank you, Mr. Chairman.

Mr. **Andrews.** Very good. Again. we thank you. I would admonish you not ot get too carried away with the figures. Just to say we did a lot of jobs does not necessarily mean we helped anybody. We ought to look more toward quality, to see that the job is done right.

Mr. **LaGrone.** Yes, sir. As a matter of fact, we will continue to insist on quality. This particular form is used as a job order, audit control and inventories—four pages—based on the State data. The effective measures in that area will be pasted right on the front for households. It will identify the work tobe done. Then there is a means for assessing the quality control, whether in fact the work was done. When that happens, the job is considered complete. I could not agree with you more.

Mr. **Petri.** Just one other question. Is there any problem with making sure that purchases of these materials for weatherization are done in the proper manner, and that these materials are used for what they are supposed to be used, rather than not being used, or used to help other than the poor?

Mr. **LaGrone.** Yes, sir. I mentioned in the prepared statement that one of the areas we are strengthening is audit. One of the problems around the country has been that many CPA firms have been hired by the States to go do the audits. In some cases these audits have been, if you will, a financial statement, funds balanced, type audit. We are going beyond that. We are issuing audit guidelines which we hope to get out by the end of April. I believe it is OMB Circular A-102, attachment G, that provides some data. We are also discussing with our own Inspector General what to put in these audit guidelines that will not only cover the funds balanced financial statement, but require the Sates to assure that compliance checks with laws, rules, regulations are done as a matter of regular course. I think that will place emphasis on State monitoring. As I mentioned, the States will be required to show their monitoring plans of the local ACTION agencies. We are issuing to the States a program manual in April that will focus on program administration.

I believe those will shore up that area. There will be problems. I do not think you can design any system so perfectly there will not be problems because if you do, nothing will get done.

Mr. PETRI. But will you check beyond the paper? Will you send some people out to look at some poor person's house and see that the work has been done?

Mr. LAGRONE. That would be a part of the audit process, to actually test the system, to see if it in fact has worked.

Mr. PETRI. It is very important to take a random selection of some of the reports from last year or 2 years, and go and visit a person's house, to see what is shown on the paper is actually there.

Mr. LAGRONE. Yes, sir, take an invoice and walk it through the system; yes, sir.

Mr. ANDREWS. Again, thank you. On the question of whether tenants should be eligible under the program, I agree that they should be. I think somebody should look at their probable tenure. I hope you will not get a lot of owners who will put in temporary tenants to get all the work done, and then move them out; and then sell the building for a higher price. I think if there is a written lease agreement that has *x* months to go, well and good. Some consideration of the probable tenure of that tenant as the occupant of the premises seems to me to be necessary.

Mr. LAGRONE. Thank you, I appreciate your advice.

Mr. ANDREWS. Thank you. Again, I appreciate the good work you apparently are doing, and wish you success.

Mr. LAGRONE. Thank you, Mr. Chairman.

Mr. ANDREWS. Thank you, sir.

Our next witness is Mr. Dexter Peach, Director, Energy and Minerals Division, U.S. General Accounting Office.

We welcome you, sir, and those accompanying you, if you would introduce them. As with the other witnesses—I am not picking at anybody in particular. I think you have noted from our conversation with the preceding witness, we rely more on the questions other than the prepared statements. You may read the entire statement, I leave it entirely to your discretion. It will be received as part of the record.

[The prepared testimony of J. Dexter Peach follows:]

PREPARED TESTIMONY OF J. DEXTER PEACH, DIRECTOR, ENERGY AND MINERALS DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Mr. Chairman and members of the subcommittee: We welcome the opportunity to be here today to discuss the low-income weatherization programs of the Department of Energy (DOE) and the Community Services Administration (CSA). GAO has issued reports on each of these programs[1] and an additional report on the DOE program will be issued very shortly. My statement will provide some background on these programs and highlight our report findings and conclusions.

BACKGROUND

Responding to the problems of the poor in meeting rising energy costs, the Congress, in January 1975, enacted the Community Services Act of 1974 which authorized CSA to develop a low-income weatherization program designed to lessen the impact of the high cost of energy and reduce energy consumption. The CSA program usually made grants directly to local project grantees for the weatherization of low-income dwellings.

---

[1] "Evaluation of Four Energy Conservation Programs—Fiscal Year 1977", EMD-78-81, Nov. 21, 1978; and "Complications in Implementing Home Weatherization Programs for the Poor", HRD-78-149, Aug. 2, 1978.

In August 1976, the Congress enacted the Energy Conservation and Production Act authorizing DOE to establish a supplementary home weatherization program. The purpose of the program is to assist in insulating the dwellings of low-income individuals and families to reduce their utility costs and to conserve energy. The program is administered on a decentralized basis through DOE's 10 regional offices. Grant funds are provided to States which, in turn, redistribute the funds to local administering agencies for program implementation.

For fiscal year 1979, the administration proposed that low-income weatherization funds be appropriated only under the DOE authority and the authority for CSA weatherization activities be deleted. The Congress agreed and appropriated all weatherization funds under the President's 1979 and 1980 budgets to DOE.

The Energy Conservation and Production Act requires the Comptroller General to report to the Congress annually for fiscal years 1977, 1978, and 1979 on the activities being carried out under the DOE weatherization and certain other programs. The reports are to address four areas: (1) Energy savings, (2) program effectiveness, (3) financial controls, and (4) compliance monitoring.

With this background in mind, let me first discuss our August 1978 report when DOE and CSA were operating parallel low-income weatherization programs and then discuss our more recent report.

COMMUNITY SERVICES ADMINISTRATION WEATHERIZATION PROGRAM

Our August 1978 report on CSA's program described complications encountered by CSA and DOE in operating parallel programs. For example, problems in the administration of the CSA program included:

Difficulties in obtaining workcrews from Federal manpower programs and volunteers due to weaknesses in Federal planning efforts;

Exclusion of rental dwellings in favor of single-family homeowners; and

Weaknesses in CSA guidance, monitoring, and reporting which contributed to problems in identifying how many had been helped, to what extent they were helped and how much energy had been conserved.

We reported that, despite coordination by DOE and CSA, the programs were developing with dissimilar standards and requirements for implementation at the local level and some local administering agencies were experiencing difficulties in operating programs under dual standards. The report recommended that the Congress consider placing full responsibility for low-income home weatherization in DOE. DOE and the Office of Management and Budget (OMB) agreed with our recommendation.

DEPARTMENT OF ENERGY WEATHERIZATION PROGRAM

DOE's program could go a long way toward conserving energy and reducing the utility bills of people least able to afford them. However, it has been hampered by a number of problems in the areas of energy savings and priorities, progress and effectiveness, and financial controls and monitoring.

Energy savings

DOE does not have in place a system for estimating energy savings actually achieved or for selecting homes to be weatherized which offer the greatest potential for energy savings and for benefiting low-income persons.

Neither the act nor DOE's program regulations require that energy savings actually achieved from weatherizing homes be estimated and reported. We believe energy savings estimates must be obtained to answer at least two questions concerning program performance and effectiveness:

1. To what extent is the program reducing energy costs and consumption?
2. To what extent is the program cost effective?

DOE now plans to estimate energy savings for weatherized homes as part of a comprehensive program effectiveness evaluation plan which was implemented during 1979. Although DOE's program evaluation will continue over a 2- to 3-year period, it expects to be able to make a first estimate of energy savings by April 1980.

We found that the local administering agencies we visited were selecting homes to be weatherized on a "first come, first served" basis without considering potential energy savings. This condition exists because the program regulations do not adequately define the criteria for selecting homes for weatherization.

Under DOE's current procedures, the States, as part of their annual plans, calculate the cost-effectiveness of various weatherization measures and list them by priority for different types of dwelling units. The lists are to be used by local agencies to determine which measures are applicable to dwelling units selected for weatherization and to assure that the optimum set of cost-effective measures are installed in each dwelling unit selected.

Although the procedures may help maximize the potential energy savings for each dollar spent on an individual dwelling unit, they will not necessarily maximize the potential energy savings in terms of total expenditures for all homes weatherized. For example, a local agency can still select homes on a "first come, first served" basis. Therefore, homes needing the lowest priority work expected to result in relatively small amounts of energy savings could be weatherized without first weatherizing those homes requiring higher priority work. Weatherizing homes requiring higher priority work should result in obtaining relatively larger amounts of energy savings.

Impediments to program progress and effectiveness

The progress of DOE's program has been slow and data on the number of homes weatherized is overstated. Progress and effectiveness have been hampered by (1) problems in obtaining sufficient labor, (2) lack of emphasis on rental units where half of the low-income population lives, and (3) legal limits on the amount States and local administering agencies can spend on adminstrative expenses.

Slow progress.—DOE planned to weatherize about 393,000 homes during fiscal years 1977 and 1978. As of December 31, 1978, DOE reported that only about 96,000 homes were weatherized. This estimate is overstated, however, because it includes homes weatherized under CSA's program. For example, DOE's Dallas regional officials believed that the States in their region were submitting reports that included the number of homes weatherized under both programs. DOE was unable to identify the extent of over reporting, and we did not attempt to estimate its magnitude.

Labor.—Program progress has been slowed by difficulties in obtaining sufficient labor resources through the Comprehensive Employment and Training Act (CETA), administered by the Department of Labor (DOL). CSA experienced similar labor problems in its weatherization program. The Energy Conservation and Production Act requires that CETA labor be used to the maximum extent practicable. Until recently, DOE's regulations have interpreted this as requiring the exclusive use of CETA labor.

State and local agency officials in six of the eight States we visited cited difficulties in obtaining and utilizing CETA workers as a primary obstacle to program progress and effectiveness. The allocation of CETA slots are controlled by State and local agencies referred to as prime sponsors. DOE regional and State officials complained that prime sponsors ignored DOL policy directives by placing very little emphasis on assigning CETA workers to local weatherization projects. In past audits of DOL, we found a tendency for CETA prime sponors to give preference to allocating CETA public service jobs to their own projects, rather than those of other agencies.

A joint plan of action was recently developed whereby DOE would grant waivers permitting use of weatherization funds to pay for labor costs where labor shortages can be documented. The success of this effort will be influenced by (1) how well DOE and DOL monitor the labor situation and take steps to resolve problems and (2) the impact that using funds for labor will have on funds available for weatherization materials and other program costs.

Rental units.—Neither the authorizing legislation nor program regulations require the weatherization of rental dwellings. Although alomst 50 percent of the low-income homes in the United States are rental units, few such units are planned to be weatherized. In many cases landlords are reluctant to sign agreements required by DOE to assure that tenants will benefit from weatherization work.

Our first annual report on the weatherization program stated that few low-income renter-occupied dwelling units were planned to be weatherized when compared to the total low-income homes which are rental units. We found the same condition in some of the eight States we visited during our most recent work.

Maryland's 1978 weatherization plan projected that 50 percent of the total homes to be weatherized would be renter-occupied. In the remaining seven States the percentages ranged from zero in Louisiana to 40 in Massachusetts.

We also detected some reluctance to encourage weatherizing rental units from both DOE regional and some State officials. For example, State officials in Louisiana and Texas said that they were concerned that landlords will not pass on reduced utility costs to tenants.

Available data indicates that about 16 percent of the low-income dwellings in the Nation are single family renter-occupied units. For these homes and for multi-family renter-occupied homes where energy sources are individually metered, the benefits of weatherization would accrue directly to the tenant.

Administrative expenses.—The program regualtions in effect during our review contained spending limitations on transportation, tools and equipment, and administrative expenses which State and local agency officials complained were preventing effective program implementation. DOE has changed the regulations to relax the restrictions on transportation, tools, and equipment expenses. However, requirements in the Energy Conservation and Production Act and the National Energy Conservation Policy Act have prevented DOE from changing the restriction that administrative costs cannot exceed 10 percent of a grant.

We encountered complaints about insufficient administrative funds. For example, a Maryland official told us that the State does not have enough administrative funds and staff to effectively monitor program implementation. A Texas official stated that the amount allowed for administrative expenses was not sufficient to pay for costs associated with audits and hiring and training onsite supervisors. Insufficient administrative funds have also caused local agencies to rely on untrained personnel to perform bookkeeping and accounting tasks.

The initial regulations did not specify how administrative funds were to be divided among State weatherization offices and local agencies, and local agencies in some States did no receive any administrative funds.

However, in response to requirements in the National Energy Conservation Policy Act, DOE revised the program regulations to prevent States from retaining all of the administrative funds. The regulations now limit administrative costs to no more than 5 percent of any grant at the local level.

Because overall administrative funds are still limited to 10 percent tof a grant, this limitation may continue to hamper program operations. As we have noted, because the program is highly decentralized—involving the 50 States and over 900 local administrative agencies—adequate and effective controls and management are needed at the State and local levels to prevent fraud and other abuses. Therefore, we believe that, DOE should closely monitor the sufficiency of funds allocated for administrative costs and be prepared to ask the Congress to amend the legislation so that enough money can be made available to effectively manage and monitor the program.

Financial management and program monitoring problems

Many local agencies were not maintaining adequate accounting and inventory systems and were not spending grant funds in accordance with the program regulations. Additionally, most of the State offices we visited did not have financial management and monitoring systems which DOE could rely on for assurances that (1) local agency accounting, inventory, and unallowable expenditure problems are identified and corrected and (2) financial status reports are accurate. Moreover, DOE's ability to monitor the States and local agencies and obtain assurances that financial management and reporting problems are identified and corrected has been limited by a lack of permanent monitoring staffs in DOE's regional offices.

These conditions will continue, in our opinion, unless DOE implements a monitoring system whereby it identifies and provides training and technical assistance needed to improve the States' financial management and monitoring capabilities. We believe that DOE should rely primarily on the States to monitor and assist local agencies. We further believe that DOE should improve its monitoring of the States.

RECENT CONGRESSIONAL ACTION

As a final point, Mr. Chairman, the Congress has expressed continual interest regarding which agency—DOE or CSA—should have responsibility for administering weatherization programs. The Senate recently passed and the House is considering legislation which would, among other things, reestablish within CSA a program to provide low-income and near poor individuals and families with weatherization services. The proposed weatherization program would be similar to the existing DOE program.

Based on our past and current work, we have consistently recommended that these weatherization programs be consolidated and administered by DOE. Our rationale is that energy functions should be placed in one agency having overall energy responsibility, rather than scattered among two or more agencies. This insures that energy functions receive proper priority within a single department and enables such functions to better compete for funds through the fund approval process.

As I have just discussed, we have found problems in the administration of the earlier program under CSA and DOE's current program. Many of the problems in the administration of both the DOE and CSA weatherization programs, originated at local community action agencies. Local agencies are likely to continue to have the major responsibilities for program implementation irrespective of which Federal agency is the source of funding.

To summarize, we believe that the problems in the DOE program are correctable and the low-income weatherization program should be under the direction of DOE.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to your questions.

STATEMENT OF DEXTER PEACH, DIRECTOR, ENERGY AND MINERALS DIVISION, U.S. GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY WILLIAM C. OELKERS, GROUP DIRECTOR; DAVID D. CAHALEN, TEAM DIRECTOR

Mr. PEACH. Thank you, Mr. Chairman. I will summarize my statement, there are some points that I believe I can emphasize; they are spelled out in more detail here.

I have with me today two of my colleagues. On my left, Mr. Bill Oelkers, who is a group director responsible for the work we do in the energy conservation area in the General Accounting Office; and on my right Mr. Dave Cahalen, who has been directly involved in directing the team's working on assignments relating to the weatherization programs.

I might mention that we have done work in the weatherization program since it started in the Community Services Administration and also the program now of the Department of Energy over the last 2 years or so.

The program as carried out by both the agencies has experienced problems in terms of getting off the ground and really getting started. I think from the testimony I have heard today from Mr. LaGrone I would say the DOE is to be commended at least for bringing about this special effort they have had in the last few months in terms of trying to straighten out the program. Many of the actions that they seem to be taking are in line with areas of improvements that were recommended, based on work that we have done.

We are required, under the legislation, to make a review of DOE's weatherization program for 3 years at least, from 1977, to 1978, to

1979. We have completed two of these reviews and, of course, we will be looking as we go into our work in the next year to just exactly how well these actions work out in terms of improving the program in the way it is being carried out at the local level.

The requirement, basically, that we have is to look at this program from the standpoint, of energy savings, program effectiveness, financial controls, and compliance and monitoring.

Let me just say a few words about the work that we have done and reports that we have issued. Going back to looking at the program of the Community Services Administration, we found even at that point that there were difficulties in obtaining work crews for Federal manpower programs due to overall weaknesses and efforts for planning to carry out the program.

We have found the rental dwellings were not being included, there was strong favoritism for single-family homeowners. We found overall weaknesses in the guidance that was being provided centrally to the program and in monitoring and reporting of the program. Even at that time, DOE was involved with the weatherization programs, too, and there were problems occurring because you had two different programs, in two different agencies, being developed in a dissimilar kind of fashion.

When we moved to the period of time when DOE began to carry out the program, we continued to find problems, in terms of our first 2 years looking at the program. One of the areas was not having in place a system for estimating the energy savings which would be achieved, or for selecting homes to be weatherized which offered the greatest potential for energy savings and benefiting low-income persons.

Neither the act, nor DOE's program regulations required that the savings actually achieved be estimated and reported. We believe those savings estimates would be useful so you can determine the extent to which the program is reducing energy cost and consumption, and the extent to which it is cost effective.

DOE is now planning to estimate the energy savings as part of its overall comprehensive program effectiveness evaluation plan, implemented during 1979. This is going to continue over about a 2- to 3-year period, and DOE will make its first estimate by April 1980.

We we looked at local agencies from the work that we did, basically we found that many homes were being selected to be weatherized solely on a first-come-first-served basis, without any consideration as to the problems existing with the home and the potential energy savings that were involved. So, we think that is an area where there can be improvement made.

As far as the area of impediments to improving program progress and effectiveness, let me mention three areas. The first is the progress, and you have had some discussion about that already, and reference to the apparent increase in the progress with which homes are being weatherized. Our figures earlier had shown that DOE planned to weatherize about 393,000 homes during 1977 and 1978. As of December 31, 1978, they reported that only about 96,000 homes were weatherized, but from our work it would indicate that this figure was overstated because of including homes that were also weatherized under the CSA program; this gets into this double-counting area, and I think is a part of the reason why you heard the reference by the DOE witness to sort of throw out the history books in this area and begin to look at where you are going from here.

The labor area has already been discussed but, certainly, our work shows that the program progress had been slowed by difficulties in obtaining the CETA labor. CSA had experienced similar problems when it was running the weatherization program. In six of eight States that we visited in our most recent work, officials cited difficulties in obtaining and using CETA workers as the primary obstacle to program progress and effectiveness.

The allocation of these CETA slots is controlled by the State and local agencies, and DOE regional and State officials complained that the prime sponsors basically ignore DOL policy directives by placing little emphasis on assigning CETA workers to weatherization projects. This joint plan of action developed to waive this requirement where you find you cannot get the CETA workers, that was referred to earlier, hopefully will bring about improvement in this area.

In the area of rental units, neither the authorizing legislation or program regulations require the weatherization of rental dwellings, although almost 50 percent of the low-income homes in the United States are rental units. Few such units are planned to be weatherized, and in many cases landlords seem a bit reluctant to sign agreements required by DOE to assure the tenants will benefit from the weatherization work.

Available data we are seeing indicates about 16 percent of the low-income dwellings of the Nation are single family renter-occupied units. For these homes and for multifamily renter-occupied homes where energy sources are individually metered, the benefits of weatherization would accrue directly to the tenant.

To give you an example, in areas where we have at least individually metered homes, you have the opportunity for benefits to accrue directly to the tenant.

The administrative expenses area is another area that does need attention. As referred to previously, certainly, our work has shown that there is a problem with the 10 percent limitation. There were many complaints in terms of not having adequate funds available to administer the program.

These were financial management and program monitoring problems. Many local agencies did not maintain adequate accounting and inventory systems; they were not spending grant funds in accordance with program regulations. Again, that gets to an area that has been referred to, but it is a question of increasing the audit and monitoring capability in this particular program. We have so many different agencies involved at the local level; there are States involved, and you have to develop the right kind of a monitoring scheme. We basically see a scheme where the Department of Energy is the administering agency, having some oversight in terms of how the States are developing monitoring schemes for working with the local agencies they have to work with, and then it becomes a State responsibility to carry out the proper oversight monitoring of what is happening with the local agencies.

As a final point, Mr. Chairman, the Congress has expressed continual interest regarding which agency—DOE or CSA—should have responsibility for administering the programs. The Senate recently passed, and your are considering legislation which would reestablish within CSA a program to provide low-income individuals with weatherization services.

Based on our work, we have consistently taken the position that the weatherization programs be consolidated and administered by DOE. That is a recommendation we made a year or so previously, prior to the transfer of the program to the DOE. Our rationale is that energy functions should be placed in one agency having an overall energy responsibility, rather than scattered among two or more agencies, and this would assure that those functions receive proper priority within a single department and enable them to better compete for funds through the fund approval process.

As I have discussed, we found problems in the administration of the earlier program under CSA and in DOE's current program. Many of the problems in the administration of both the DOE and CSA weatherization programs originated at local community action agencies. Local agencies are likely to continue to have the major responsibilities for program implementation, irrespective of which Federal agency is the source of funding.

I might add an additional point not covered in my statement, and that is, is based on the information that you have gathered you would conclude that the DOE program is now picking up some impetus and is beginning to move forward in terms of the goals of weatherizing homes, experience would indicate where you shift a program to a new agency, usually some delay begins to take place because the new agency has to begin to get geared up in terms of getting its regulations in order, getting a structure established for carrying out the program, and there may be a potential there for some slippage in terms of any momentum that has now built up within the program. I might add that is something that at least you should consider.

To summarize, basically we believe that the problems in the DOE program are correctable problems, and we recommend that the program be continued under the DOE. That concludes my statement, Mr. Chairman, we will be glad to respond to any questions.

Mr. Andrews. All right, thank you very kindly, Mr. Peach, for a good statement.

We will recognize now Mr. Coleman. I believe you have to leave us shortly.

Mr. Coleman. Yes. Thank you, Mr. Chairman.

It was an excellent statement, it was so excellent that I do not want to belabor you with questions. I just want to emphasize a couple of things.

One, as the bill is drafted now, there is again a provision calling for the use of CETA employees under this program to the extent "practicable." This is the operative language the Department of Energy is using under the new regulations.

Furthermore, the bill says that they can obtain a waiver if they cannot comply with the provisions. Let me ask you your opinion. It has been suggested that if CETA labor is unavailable, or even if it is available, that it may be incompetent. Is it your opinion, then, that this program could be maximized to its fullest and be more efficient if the authority was in place to permit direct hiring of labor and perhaps leaving CETA out altogether?

Mr. PEACH. I guess I come at that question from two directions, Mr. Coleman. I think that is an issue that you have to look at in resolving how you carry out this particular program.

Obviously, working with a CETA-type program there are going to be some problems that occur in getting the kind of labor that will be applied in the program. You are going to find some inconsistencies; you are going to find some places where maybe it is working all right because of the training and standards and you are going to find some places where it is not working very well. You can provide through the legislation, perhaps, the kind of flexibility, where it is not working well, to do something about it and get labor in there that can do the job.

I would suggest that, looking at it from a different direction, if you assume, let us say, you wanted to go to people who are working actively in the building industry with experience in the area, that you probably are going to gain in productivity. There is no doubt that you would gain in productivity in terms of what is happening. But the question is how you want to balance the goals that you are looking at in this particular program.

We have found in visiting local agencies that are administering this program, the same kind of mixture of results. There are some areas where you seem to be getting some pretty good results with the CETA laborers, and some other places where you are not getting good results and there were lodged some complaints by the people at the local agencies in terms of how it is working.

Mr. COLEMAN. Do you feel that the 18-month service time for a CETA employee is a significant impediment to developing a workable program?

Mr. PEACH. We certainly did receive complaints of that type, in at least two of those States that we visited this last year; as they were beginning to get experience, then those people would leave and new people would have to be trained. So, we have received complaints of that type.

Mr. COLEMAN. On page 12 of your statement you emphatically state that based upon your past and current work, the GAO has consistently recommended that all of these programs be consolidated and administered by the Department of Energy. I also understand that the GAO has officially recommended this position to Chairman Staggers of the Interstate and Foreign Commerce Committee. Mr. Chairman, I would ask unanimous consent that Mr. Elmer B. Staats, the Comptroller General of the United States, letter to Chairman Staggers, dated March 21, 1980, be included in the record.

Mr. ANDREWS. Very good, without objection, it will be so included.

[Document referred to follows:]

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-197642

MAR 21 1980

The Honorable Harley O. Staggers
Chairman, Committee on Interstate and
  Foreign Commerce
House of Representatives

Dear Mr. Chairman:

SUBJECT: Views on H.R. 6136, the "Economic Opportunity Amendments of 1979" and H.R. 6619, the "Economic Opportunity Amendments of 1980" (FMD-80-84)

I am pleased to respond to your letters of January 7 and March 4, 1980, in which you requested our comments respectively on H.R. 6136 and H.R. 6619.

The two bills are essentially identical and would amend the Economic Opportunity Act of 1964 to establish a comprehensive energy conservation services program designed to enable low-income individuals and families, and severely handicapped individuals, to participate in energy assistance programs. Both bills would establish within the Community Services Administration (CSA) the four following programs for low-income individuals and families.

--A weatherization program to assist in weatherizing dwellings to reduce energy costs and to save energy.

--A crisis intervention program to provide short-term assistance and counseling for those threatened with severe hardships or danger from lack of fuel, utility shut off, or other energy-related crisis.

--An outreach program to inform and enroll eligible persons and families in the programs authorized by the bill and other energy or energy-related assistance for which they qualify.

--A supplemental energy conservation services program providing assistance to public agencies and non-profit organizations for various energy conservation and alternative energy sources educational, developmental, demonstration, and planning activities.

We have no comments on the Crisis Intervention Program; however, we do have the following comments on the other three programs proposed in the bills, which relate primarily to energy conservation functions.

In past reports 1/, 2/ we have taken the position that it was desirable to place energy functions in one agency with overall responsibility, rather than either place the functions in one or more agencies with no basic energy responsibility, or scatter energy responsibilities among several agencies. This would insure that energy functions receive proper priority within a single department and compete better for funds through the fund approval process (the Congress and the Office of Management and Budget). Effective October 1, 1977, the Department of Energy (DOE) was created as the national agency to handle energy matters.

The proposed weatherization program would be similar to the existing weatherization program being conducted by the Department of Energy. The DOE program is currently authorized only through fiscal year 1980. However, the President's fiscal year 1981 budget is asking for almost $200 million to continue the program in DOE. Until fiscal year 1979, the Federal Government funded two low-income weatherization programs--one administered by DOE and the other by CSA.

In reports on those programs 2/, 3/ we recommended that, because DOE was created as the national agency to handle energy matters, the DOE and CSA weatherization programs should be consolidated and administered by DOE in order to centralize control and authority of the energy functions and insure that the weatherization of homes received the proper priority. We noted that, despite coordination between DOE and CSA, the programs were developing

---

1/"Energy Policy Decisionmaking, Organization, and National Energy Goals," EMD-77-31, Mar. 24, 1977.

2/"Evaluation of Four Energy Conservation Programs--Fiscal Year 1977," EMD-78-81, Nov. 21, 1978.

3/"Complications in Implementing Home Weatherization Programs for the Poor," HRD-78-149, Aug. 2, 1978.

with dissimilar standards and requirements for implementation at the local level and resulting in duplicative administration costs. We also pointed out that the administration favored transferring CSA's weatherization activities to DOE. DOE and the Office of Management and Budget agreed with our recommendation. Consistent with our recommendation, the Congress included in DOE's fiscal year 1979 appropriation all weatherization funds requested in the President's budget.

If the proposed weatherization program is established at CSA in fiscal year 1981, and the DOE program is also continued, we believe that it would result in a return to the problems noted when the two programs existed. If the program is discontinued, we believe the loss of program continuity and delays could adversely affect program progress. Both bills permit up to 120 days between their enactment and publication of program regulations. In addition, both bills state that if a State does not submit a plan or application within 120 days after final regulations are prescribed, the local administering agencies may do so. These types of timeframes are indicative of the delays which we believe will occur in program implementation as new regulations and procedures are established and program administrators familiarize themselves with the new program. Such delays will also mean that needed energy conserving actions are not taken as quickly as they might be.

In our past reviews of both the DOE and CSA weatherization programs, we found problems in administration of the programs. Many of these problems originated at community action agencies at the local level. These same community action agencies administered both the DOE and CSA programs and will continue to do so regardless of which Federal agency is the source of funding.

For the reasons discussed above, we believe that the low-income weatherization, outreach (with the exception of outreach activities related to the Crisis Intervention Program) and supplemental energy conservation services programs should be under the direction of the Department of Energy.

Sincerely yours,

Signed Elmer B. Staats

Comptroller General
of the United States

Mr. **Coleman.** Mr. Chairman, I have one final question. What problems might develop if this program was transferred back to the Community Services Administration? Would the same sort of startup problems experienced by DOE be repeated?

Mr. **Peach.** I think the only thing I would cite, even in the legislation there is reference to the time that would be allowed for the agencies to begin to set up their regulations as a result of the transfer of the program back to CSA. They did have some experience with the program previously. I do not know whether the same people are there who worked on the program previously. But irrespective of that, they would have to get their regulations out for comment, formally established, and then begin to work out their arrangements, how they are going to work through the State and local agencies.

I think one of the problems with this program to this point in time has been in developing some momentum, some impetus, and finally to get moving. I referred to the amount of money that has been appropriated, as compared to the amount of money that has been expended up to this point in time. I think that the next year, of course, will tell a lot in terms of whether DOE is able to accomplish what they indicate they think they can accomplish through the end of this year. But they do feel they have some momentum working, and I think the kinds of actions they are taking are responsive to the recommendations we have made.

I guess I would certainly hope, if the program is transferred, that there would not be a loss of momentum at this point in time as a result of the transfer, having a new agency getting started with the program.

Mr. **Coleman.** But there would be a chance of that, based on past experience.

Mr. **Peach.** Yes. We mentioned that, and we have a report that we will be issuing on our most recent review. It should be up with the Congress in a matter of just weeks, and this is one of the areas we talk about in the program, the question of starting time.

Mr. **Coleman.** Thank you.

Mr. **Andrews.** I might just say that I know of a community where various people told me that the only person to make any profit was a photographer. The first group in the community who got any money for weatherization, got a photographer to go up and down the various roads of the county, taking pictures of homes that had window panes out, and so forth. Then, when the next group got their money, rather than to go up and down the road, they just got the photographer to give them copies of the films he had made for the first group; and a third group got the same pictures from the same photographer, they all turned in beautiful books.

Well, again, we thank you very kindly, Mr. Peach, and you gentlemen for coming.

Mr. **Semple.** I would like to ask one question. The issue has been raised about the skills required to weatherize a house. What kinds of skills have you experienced are necessary? Do these include journeyman skills, carpenter skills, plumbing skills; or can you use individuals who lack skills but with some basic training can weatherize a home?

Mr. **Peach.** I think many of the skills are trainable kinds of skills.

Mr. **Semple.** More specifically, what kinds of skills are these?

Mr. **Peach.** Well, you can go from the simplest kind of skill the gentleman previously referred to, caulking, saying some things require just some dexterity in terms of the proper way to apply it. I think a little bit of dexterity and experience over time can help in that area. I guess I have had experience trying to do some caulking myself at my own house. I think it is something you can do.

If you move into the area of installing storm windows, storm doors, things like that, I think it is a trainable kind of thing if you work under someone who understands the area adequately, you go through the installations over a period of time and there is proper checking of that installation by somebody else, I think it is something that can be picked up.

Mr. **Semple.** So, you would require good supervision.

Mr. **Peach.** Yes, good supervisory training is an essential kind of thing. You need to have the basic training and you need to have some supervision and some quality control checks to see that the work was adequately done.

I like the DOE example, the idea of a requirement that somebody is looking at a weatherized home in terms of checking. They have a list that says this is what was supposed to be done to this home; and they have somebody that is supposed to know something that can go out there and check the quality of what was done.

Mr. **Semple.** What kinds of wages do you think would have to be paid to individuals in this program to insure this level of skills you are talking about? Do you think the CETA average wages are too low, that this has been an impediment?

Mr. **Peach.** As I said, there have been areas where you have had good experience. I think you can say in some areas it has not been an impediment, in areas where the experience has been good. I think it is a question of how well a program is being run and administered.

Mr. **Semple.** So, you really would emphasize the management capability.

Mr. **Peach.** Yes, management and supervision.

Mr. **Semple.** Thank you.

Mr. **Andrews.** Again, we thank you very kindly.

Mr. **Peach.** Thank you.

Mr. **Andrews.** We look forward to the report you referred to.

Next we have a group of three witnesses with special State and local programs—they being our last witnesses. I notice Mr. Jeffords has arrived, so we will call on Mr. Jeffords to introduce at least those two from Vermont.

Mr. **Jeffords.** Thank you, Mr. Chairman. I appreciate the opportunity. I think that the witnesses we have here will give us an excellent perspective on the implementation of these programs at the State and local level.

The first and foremost witness from the State of Vermont is Ms. Jeanne Van Vlandren, who is the special assistant to the prime sponsor, Sandra Dragon. Sandra has done an outstanding job as the prime sponsor director and Jeanne has also done an excellent job. She is accompanied by Richard Hinds and Dean Boucher, who are with the Northeast Employment and Training Office. Their group is working on the weatherization projects. It is a pleasure to have you here, and we look forward to your testimony.

Mr. ANDREWS. Very good. Is Mr. Tim Wilson also here? Mr. Wilson, I believe you are director of community services in Augusta, Maine. We welcome all of you, and unless there is some objection, we look forward to hearing from you in the order in which you were introduced. I will say again, if I may, that whether you read your prepared statement is entirely at your discretion, but I would surely like to persuade you not to. We get much more from talking to you informally.

[Prepared testimony of Jeanne Van Vlandren follows:]

PREPARED TESTIMONY OF JEANNE VAN VLANDREN, SPECIAL ASSISTANT TO THE DIRECTOR, COMPREHENSIVE EMPLOYMENT AND TRAINING OFFICE, AGENCY OF HUMAN SERVICES, STATE OF VERMONT

The Honorable Ike Andrews, Chairman, and members of the Committee, I am Jeanne Van Vlandren, Special Assistant to the Director of the Comprehensive Employment and Training Office (CETO), Agency of Human Services. The state of Vermont is pleased to have this opportunity to testify today concerning the U.S. Department of Energy's Weatherization Assistance Program. In an effort to present my testimony in a brief format, I have organized the information under four categories—the National Background, the Vermont Experience, Labor Issues and Recommendations.

NATIONAL BACKGROUND

The Federal effort to weatherize homes of low income families began on an ad hoc, emergency basis after the 1973 oil embargo. Local Community Action Agencies of the Office of Economic Opportunity (now the Community Services Administration) provided insulation for these homes, as well as other assistance, to help low income families cope with the sudden increase in fuel costs.

A formal program, specifically designed to reduce fuel use and costs for low income families, was set up by legislation in 1974 and was directed by the Community Services Administration.

Regulations for the program (45 CFR 1061.30) of October 1, 1977, contained a 10 percent limitation on administrative expenditures of program funds with remaining funds to be expended for materials costs. Materials costs included several cost categories, in addition to direct materials expense, such as transportation and tools. Expenditures of materials were limited by Community Services Administration regions to $250 or $350 per building but could be waived by a local program operator's Project Advisory Committee.

In 1976, Congress enacted the Energy Conservation and Production Act, which authorized the Federal Energy Administration (now U.S. Department of Energy) to establish a weatherization grant program to aid low income people.

The Department of Energy made its first grant in August 1977 (for two years, 1977 and 1978, the Community Services Administration and Department of Energy programs ran in parallel.) During this period, local program operators had no planned transition basis and used Community Services Administration funds to pay for costs which were not allowed under the Department of Energy regulations. Confusion over the inclusion of dwelling unit completions attributed to Department of Energy and Community Services Administration results.

In 1979, Department of Energy became the sole Federal agency responsible for weatherization assistance grants. Grants of fiscal year 1979 funds were awarded to fund state plans, which contain detailed budgets of costs according to line item categories structured as follows:

Administration.—Not to exceed 10 percent of the total grant award with no more than half this amount being retained by the grantee.

Materials and support.—Remaining grant funds budget in a 70/30 ratio with no more than $800 budget for each dwelling unit planned to be completed.

Training and technical assistance.—Generally, 10 percent of total grant funds awarded. Department of Energy has insisted that these funds be budgeted for new technical management assistance in a planned and efficient manner.

Regulations for the program (10 CFR 440) were first made effective June 1, 1977. On January 2, 1979, the regulations were significantly revised. Further revisions to the regulations occurred effective July 2, 1979.

Labor for the weatherization work is provided by a separate Federal authority, the Department of Labor's Comprehensive Employment and Training Act (CETA) program. In September 1979, DOE and DOL finalized an action plan to address the CETA labor shortages and mismatching which had occurred with some frequency. The procedures they developed included provisions for two types of waivers in areas where documented CETA labor shortages threatened weatherization objectives. Type one waivers give states authority to increase the $800 maximum expenditure per home to $1,000, to hire additional working supervisors and to purchase contractor-installed insulation. Type two waivers permit states to reprogram the budgets of local agencies to provide sufficient working supervisors and contract labor to install all weatherization materials.

Initial response at this level indicates that these procedures have provided the flexibility required to expedite state weatherization activities.

It will be of special interest to the Committee that the waiver procedures are particularly important in rural areas where low unemployment rates have resulted in limited CETA labor availability.

As part of its continued effort to maximize the delivery of Weatherization services, the Department of Energy incorporated the authority granted under waivers One and Two into the regulations published on February 27, 1980: under Section 440.16—"Allowable Expenditures"—(a) (1), the maximum allowable per dwelling expenditures has been raised to $1,000; under Section 440.17—"Labor"—the DOE Regional Representative has been granted the authority to increase the maximum allowable per dwelling expenditure to $1,600 in areas where severe labor shortages exist.

THE VERMONT EXPERIENCE

The first DOE grant for a total of $261,000 with a revised dwelling unit completion goal of 486 was accepted by the state of Vermont on December 6, 1977, for the period November 1, 1977 to June 30, 1979. This award marked a significant change from the CSA funding of weatherization programs. Previously, CSA issued grants directly to the Community Action Agencies; the DOE approach permitted the State to directly administer the program, thus affording a high degree of programmatic and financial accountability.

The additional funds totaling $531,800 were awarded from DOE fiscal year 1978 funds for the period May 1, 1978 to December 31, 1979, with an adjusted goal of 750 dwelling units. The Department of Energy has consistently allowed states to adjust goals in order to accommodate for regulatory changes, CETA labor shortages or the impact of CSA funding.

During the first two DOE grant periods, the local Community Action Agencies chose to spend CSA Weatherization funds instead of the DOE funds in response to their belief that the CSA regulations were less restrictive. Thus, the number of completions attributed to DOE were minimal.

In July 1979, the Governor of Vermont reorganized the State's management of the DOE Weatherization Program. The Program was transferred from the State Economic Opportunity Office to Vermont CETO, the CETA Prime Sponsor, which has the necessary management systems for the strict accounting and performance data analysis required for effective program operations. Vermont CETO has contracted with four Community Action Agencies and one nonprofit agency for the delivery of weatherization services.

The third and current grant in the amount of $1,405,400 was made available to the state of Vermont for the period July 1, 1979 to June 30, 1980. The U.S. Department of Energy demonstrated planning and management ability in the negotiations with Vermont CETO for this fiscal year 1979 grant. The State carried forward unexpended 1977 and 1978 funds, instituting a consolidated grant with the expectation to complete the 1,904 units. This action permitted the State to lessen the burden of the local agencies by removing the requirement of reporting on three separate DOE grants.

With the able assistance of the DOE, Region I staff, the State has designed new systems to maximize increase production to meet the significantly larger fiscal year 1979 funding level and to ensure programmatic and financial accountability. Together, DOE, State and local agencies have achieved the following:

Vermont has significantly increased.—Completion for the five fiscal quarters March 31, 1978 to June 30, 1979, averaged 132 units per quarter. During the first fiscal quarters under Vermont CETO administration, the average completions per quarter have been 322. This represents a 244 percent increase in production.

As of February 29, 1980, Vermont has completed 965 units since July 1, 1979. In addition, 446 units are currently in process. The probability is that the state of Vermont will meet or exceed the number of completions projected in its fiscal year 1979 State plan.

Service to renters.—Vermont has steadily increased the weatherization of renter occupied units during calendar quarters as follows: as of March 1979—9 percent; June 1979—14 percent; September 1979—14 percent; and as of December 1979—18 percent.

Improvement of field capability delivery systems.—Vermont has established a vehicle pool of 19 high quality vans and has made a significant investment in tools and equipment, such as insulation blowers. These acquisitions have been made to replace or upgrade inadequate equipment acquired with CSA funds.

Management information systems.—Because the CETA Prime Sponsor in Vermont has an excellent MIS, Vermont has implemented a system which reports both financial and program information in a balanced and timed format for the DOE program. In this way, the data may be used not only for reporting but also as an integral planning and management tool for the local agencies and the State. The system includes accrual accounting, inventory and job cost controls.

Training and technical assistance.—Vermont has allocated approximately $330,000 to help the local agencies in the development of record keeping and accounting systems as well as effective filing systems for management control. Funds have also been utilized for the skills training of work crews, foremen and project managers.

The DOE waiver.—The waiver was granted to Vermont increasing the expenditure per dwelling unit from $800 to $1,000 per unit.

LABOR ISSUES

The problems of labor and weatherization programs are not new and can be documented by Vermont CETO back through 1975.

The Vermont Comprehensive Employment and Training Office is also the Prime Sponsor for the Department of Labor CETA funds in Vermont. CETO spends approximately $1.2 million in CETA funds per year to support the necessary labor for weatherization crews, the training of participants and their travel costs. Currently, 126 CETA jobs are allocated to the weatherization program, versus 88 last year. Twenty-one are crew chiefs and ninety-nine are crew workers. The DOE waiver enabled Vermont to fund forty-four (44) DOE paid, on-site-supervisors and thereby Vermont is able to maintain a ratio better than 1 to 3 percent supervisors to crew workers.

Our progress in coordinating the often conflicting goals of the DOE Weatherization and DOL CETA Federal Legislation has been aided by the strong National commitment to make this program effective, A National Memorandum of Understanding between the Federal Energy Administration (now DOE), the Community Services Administration and the Department of Labor was executed in August 1977. The Region I offices of these federal agencies signed a similar agreement in February 1979, and executed an Interagency Action Plan in August of 1979. This plan calls for direct participation of federal/state/local agency staffs with Prime Sponsors, and bimonthly meeting of the Regional Officers, with written reports to the National office.

The effects of the fiscal year 1980 reductions in CETA Title VI funds have dampened the success of this effort. The U.S. Department of Labor has responded by authorizing discretionary funds in the amount of $10 million. The New England Region received $2.1 million and Vermont's share has been $160,000.

RECOMMENDATIONS

At hearings before the Subcommittee of the Committee on Appropriations, House of Representatives, regarding appropriations for fiscal year 1980, the investigative staff made the following recommendations:

"1. Reduce fiscal year 1980 funding for the DOE home weatherization program to a level that approximates the number of units the program is realistically capable of weatherizing. The Investigative Staff believes this figure to be about 250,000 homes in each of fiscal years 1979 and 1980. At the DOE estimated unit cost of $500 for these years, the cost would be about $125 million annually.

"2. Authorize the Secretary of Labor to earmark portions of the CETA appropriation for use in providing local labor to the weatherization program.

"3. Recommend or direct DOE to amend their regulations to provide for expenditure of grant funds to hire labor when serious attempts to secure labor from Federal manpower programs are unsuccessful.

"4. Place full responsibility in DOE for the home weatherization program by amending section 222(a)(12) of the Community Services Act of 1974 to remove reference to weatherization program responsibilities and section 411(b) of the Energy Conservation and Production Act of 1976 to remove reference to the supplementary nature of DOE's program.

"5. Direct CSA to reconcile and provide detailed explanations for the discrepancies between total number of homes weatherized through fiscal year 1978 as reported by their grantees and the number reported by CSA in the fiscal years 1978 and 1979 hearings before the Committee.

"6. Direct CSA and DOE to require grantees, as a grant condition, to weatherize an equitable number of renter dwellings. Progress made toward achieving a more equal distribution of weatherization benefits between tenant households and homeowners should be reported to the Committee during annual budget hearings."

Mr. Chairman, I submit that item Nos. 1, 2, 3 and 6 have been acted upon by the Department of Energy. The Department of Energy has restricted FY 1980 funding to states to a level that approximates the number of units the program is realistically capable of weatherizing. The Department of Energy has taken steps in concert with the Department of Labor, through an Interagency Working Agreement, to insure that weatherization projects are provided with local CETA-funded labor. The Department of Energy has moved to resolve labor shortages that might occur, first through regulatory initiatives, in order to provide for the expenditure of grant funds to hire labor when serious attempts to secure labor from Federal manpower programs are unsuccessful. In its efforts to weatherize an equitable number of dwelling units, the Department of Energy has eased regulatory restrictions that had presented obstacles to that goal.

Mr. Chairman, in the opinion of the state of Vermont, the Department of Energy has acted upon every recommendation upon which it had the authority to act.

PANEL CONSISTING OF JEANNE VAN VLANDREN, COMPREHENSIVE EMPLOYMENT AND TRAINING OFFICE, AGENCY OF HUMAN SERVICES, STATE OF VERMONT; RICHARD HINDS AND DEAN BOUCHER, NORTHEAST EMPLOYMENT AND TRAINING OFFICE, ST. JOHNSBURY, VT.; TIM WILSON, DIRECTOR, COMMUNITY SERVICES, AUGUSTA, MAINE

Ms. VAN VLANDREN. Mr. Chairman and members of the committee, I am Jeanne Van Vlandren, special assistant to Sandra Dragon, Sirst, I would like to express the State of Vermont's gratitude for being able to testify today and share our experiences with the weatherization program.

I do have a prepared statement which is long and, frankly, I am not a very good speech giver. So, I would like to give a brief summary and then answer questions.

Mr. ANDREWS. Very good.

Ms. VAN VLANDREN. Also, the testimony given by Mr. LaGrone and Mr. Peach I was very impressed with in terms that it really did reflect the States' experience in the operation of weatherization programs. The problems cited by Mr. Peach are similar problems that we have experienced in Vermont. The actions that have been taken by the Department of Energy and outlined are also contained in the brief that we presented today. So, I do not think it is necessary to go over that again.

I am always amazed when I come down here to hear the figures that you folks deal with. The national figures are so much greater than Vermont's that when we testify it seems that we are very small.

Mr. ANDREWS. We hope so, or there would not be anything left for the other programs.

Ms. VAN VLANDREN. So, I do want to give some figures relating to our experiences of the program, and I hope you will keep in mind that we are a small State.

The Department of Energy program, although it started in 1977, in Vermont our experience was with a duplicate program for 2 years. There were considerable CSA funds in Vermont. In 1979, the Department of Energy funding to Vermont became the sole source of Federal funds.

The Vermont experience, the first grant to the State, was very small, approximately $260,000 to complete 486 houses. A second grant was given for the period May 1, 1978 to December 1979, totaling $531,000. So, again we were small to start with.

During the first two DOE grant periods, the local community action agencies chose to spend the CSA weatherization funds instead of the DOE funds in response to their belief that the CSA regulations were less restrictive. Thus, the number of completions attributed to DOE were minimal during that time frame. There was quite a bit of CSA money in the State that was being utilized.

In July of 1979, the Governor of Vermont reorganized the State's management of the DOE weatherization program. The administration was very concerned with the need for weatherization, both as energy conservation and as a method of helping the low-income people of Vermont with their fuel bills and also Vermont having a cold and drafty climate, it is a health and safety factor, particularly with the elderly.

This reorganization transferred the administration of the program from the State Economic Opportunity Office to Vermont CETA. Vermont CETA is the CETA prime sponsor for the State.

The decision to transfer the program was based, I believe, on the judgment that we in Vermont CETA already had the necessary management systems for the strict accounting and performance data analysis required for effective program operation. We contract with four community action agencies and one nonprofit agency for the delivery of services.

The third and most recent grant was in the amount of $1,405,000, a big increase for Vermont. The U.S. Department of Energy demonstrated planning and management ability in negotiations with Vermont CETA for this funding. Previously, the two grants plus the CSA money had all been operating with reporting requirements, everything separate in the State of Vermont. We were able to consolidate the previous Department of Energy grants, instituting a consolidated grant approach to complete 1,990 houses. This action permitted the State to lessen the burden of reporting on the actual deliverers; they only had to report on one program.

I would now like to just highlight some of the areas that we feel in Vermont have been significant accomplishments within the last year, 6 months to a year.

First, Vermont has significantly increased the production. For the five fiscal quarters from March 31, 1978, to June 30, 1979, we averaged 132 units per quarter. During the first fiscal quarters under Vermont CETA administration in this consolidated grant, we have averaged 322 completions, or a 244-percent increase in production in the last 6 months.

As of February 29, 1980, Vermont has completed 965 units. In addition, 446 units are in process, are being worked on. Thereby the probability that the State of Vermont will meet or exceed the number of completions projected in this grant is very likely.

Service to renters has been also a primary concern, as brought out by Mr. Peach. The majority of low-income people in Vermont also live in a tenant situation. We have a record whereby we are increasing the level of service to the tenant or renter population. We have gone from serving only 9 percent in March 1979 to 18 percent as of December; 18 percent, frankly, is not where we would like to be, but it is going in the right direction.

We have improved the field capability of the delivery systems by establishing a vehicle pool of high quality vans. We have also made a significant investment in tools and equipment, such as insulation blowers. These major acquisitions were necessary to replace or upgrade the inadequate equipment acquired with CSA funds. To clarify that, I do not mean to indicate that under CSA inadequate equipment was purchased, but because it had not been maintained and upgraded we were faced with the problem of not having the adequate resources to do the job. Our system now is designed to keep those functional things up to snuff, when a piece of equipment is not good, replacing it, rather than getting to the point where you have nothing.

We have also implemented a management information system. Because CETA is the prime sponsor in Vermont, we have a lot of experience with Federal reporting. We were able to develop a system to provide both financial and program information in a balanced and timely format. This is a management tool for scheduling of jobs in the field for inventory control and material acquisition; it is not simply a reporting requirement to DOE.

We have also invested in and utilized the chain of technical assistance made available by the Department of Energy. Vermont has allocated approximately $330,000, again, with $1.4 million allocation, that is quite a bit of money, to specifically help the local agency in the development of their recordkeeping and accounting systems. One of the previous complaints was that you required us to do this but would not help us pay for it. In this situation the money is made available to the State, and we have made it available to the agencies to pay for certified public accountants to come in, reconstruct records, put the systems in line without burdening the local administration.

We have also used this money for the specific training of the work crews, the foremen, and the project managers. We have also obtained a DOE waiver, which is now in the regulations but at that time frame was not, and that has facilitated our development.

The labor issues, just briefly. Vermont CETA contributes approximately $1.2 million in CETA funds to operate the weatherization program. We underwrite under the Department of Labor funding the training of the participants and some of their travel costs. Currently, 126 CETA slots are allocated to the weatherization program versus 88 slots in the previous fiscal year; 21 of those are crew chiefs and 99 are crew workers. The DOE waiver enables Vermont to fund 44 DOE-paid onsite supervisors and thereby Vermont is able to maintain a ratio of better than 1 to 3 supervisors to crew workers.

Mr. **Andrews**. Excuse me, I notice that you have 1 to 3 percent.

Ms. **Van Vlandren**. That is a typo, I am sorry. We rushed.

Mr. **Andrews**. All right.

Ms. **Van Vlandren**. I think our progress in coordinating the often conflicting goals of weatherization and CETA Federal legislation has been aided by the strong national commitment, and this is fairly recent with the memorandum of understanding and agreement at the Federal level, and then the inter-agency action plan at the local level.

If I may comment, I have worked in State government since 1970, with CETA programs, HUD programs, HEW programs, and I have never myself seen as much action in a problem-solving sense as I have with this program in about the last 8 months.

In general, the State of Vermont concurred with the recommendations that were submitted in the subcommittee report for the appropriations for fiscal year 1980. The staff made six comments. I will not outline those at this time. It is our feeling that the Department of Energy has followed through on every one of those recommendations that are within their authority to do so. We also feel that the Department of Labor has made some very strong steps in resolving problems of prime sponsors. They had allocated $10 million discretionary for the purposes of weatherization, Vermont's share being $160,000.

So, Mr. Chairman, it is the opinion of the State of Vermont that the Department of Energy has acted very well in the last few months in enabling us—which is our focus—to weatherize the homes of the disadvantaged.

Mr. **Andrews**. All right. Mr. Jeffords, do you have—hopefully—brief questions? We just about have to finish by 12:30.

Mr. **Jeffords**. Fine. I would like to assure you, I will not go that long. I would like first to compliment you on your testimony, and I would like to talk to Mr. Hinds a bit. I note you are in charge of the program in the northeastern part of the State.

Mr. **Hinds**. That is correct.

Mr. **Jeffords**. I am interested in your reflections on the program, how it is going up there, and especially if you can give us any comparison between operating under CSA and operating under the prime sponsor in Vermont.

Mr. **Hinds**. We started doing the weatherization program last June. We are not a CAP agency, we are a nonprofit agency. May I make that point?

Mr. **Jeffords**. Yes; explain that first, what your relationship is.

Mr. **Hinds**. The Northeast Employment and Training Organization is a nonprofit corporation who is organized to serve the low-income people in the three northeast counties of Vermont, which we call "The Northeast Kingdom." We have taken over the weatherization program from another operator. In June we took over. We have experienced no problems with the Department of Energy to this time, or the State, I should say, with running this program. We are given a great amount of support, technical assistance by the State and indirectly the Department of Energy in region I. They are setting up the systems, the requirements and the rest. So, we have no problems there.

Our relationship with CETA is that we are also the CETA contractor in the area. So, we have no problems about finding our labor force because we plan well the number of slot levels required for our weatherization program.

I have administered both a CAP agency and this agency and the big difference is, I would say, the technical assistance that DOE will provide, both in financial support that they give under T and TA money and T and TA money, and the guidelines that they have established for cost-effectiveness, evaluation of the program, and comparing actual results with planned results.

The CSA was quite flexible toward us, and I think that flexibility allowed the crews to do more work unrelated to weatherization, more related to home rehab, which slowed down the amount of homes that could be produced, weatherized in a given year, I think if the goal is to weatherize homes, you should try to concentrate your effort on that.

Mr. Jeffords. Could you tell us what your planned units were and what you finally accomplished up to date?

Mr. Hinds. Sure; I have them right here somewhere. We had planned to do 227 homes at the end of February 1980. We have done 220. We plan to do 330 by the end of the year, and we are planning about 8 to 10 percent above that. We expect to do more homes.

Mr. Jeffords. I have information that has been provided to me that I would like to make part of the record. That is, as of January 31, 1980, showing the overall performance of various operators in Vermont. I do not know who prepared this document. It is the one which includes the Bennington-Rutland Opportunity Council's number of planned and number of actual units.

Ms. Van Vlandren. Yes.

Mr. Jeffords. Were those operating under CSA, or operating under you?

Ms. Van Vlandren. They operate now under us. You are referring to a recent list?

Mr. Jeffords. Right.

Ms. Van Vlandren. It performs under us with DOE funds.

Mr. Jeffords. Now can you tell me basically how things were going before you took them over, and how things are going now?

Ms. Van Vlandren. We have increased the production by approximately 244 percent amound the State, whereas under previous quarters, 3-month periods, the State was averaging 132 completions per quarter. We are now averaging 322.

Mr. Jeffords. Now, is that a result of increased funding or increased efficiency, or both?

Ms. **Van Vlandren.** Well, increased funding has helped, but we were playing catchup from the 2 previous years; we were underfunded. In my opinion, it is the improved management capability, both at the State level and at the local agency level where there was a CAP or a nonprofit. The systems that we have been able to put into place have given the agency the tools necessary to plan.

Mr. **Jeffords.** And it is my understanding from your testimony that working with DOE has been an improvement, in your estimation, over working with CSA?

Ms. **Van Vlandren.** Yes.

Mr. **Jeffords.** I do not know whether the documents I have break it down before and after you took over, but if you prepared that, I would appreciate if you could make it part of the record.

Ms. **Van Vlandren.** Certainly.

Mr. **Jeffords.** Thank you. If that is agreeable with the chairman?

Mr. **Andrews.** Very good.

Mr. **Jeffords.** If that is agreeable, I will not ask anymore questions.

Mr. **Andrews.** Very good. Without objection, the sample that you referred to will be made part of the record.

[The document was not submitted.]

Mr. **Andrews.** Mr. Hinds, what is the name of the agency you represent?

Mr. **Hinds.** Northeast Employment and Training Organization, NETO for short.

Mr. **Andrews.** And you also are the prime sponsor and operator of the CETA program?

Mr. **Hinds.** In those counties; yes.

Mr. **Andrews.** Now, how much of the total labor force that you have employed has come from CETA employees?

Mr. **Hinds.** For the DOE program? We have 17 people out of, I believe, 21 or 22 CETA participants.

Mr. **Andrews.** Seventeen out of a total of 22.

Mr. **Hinds.** I believe it is 22—right.

Mr. **Andrews.** Now, those 17 are paid from the Department of Labor. In other words, CETA pays those 17 people, rather than paying them from the Department of Energy funds you receive to do these programs.

Mr. **Hinds.** That is correct.

Mr. **Andrews.** Now, the predecessor management, did they have problems obtaining CETA labor? In other words, I am assuming you do not have much problem getting CETA labor, whereas the CSA predecessor, as in most cases, had a lot of difficulty getting it.

Ms. **Van Vlandren.** The CSA predecessor prior to this organization had 24 paid CETA staff for weatherization. This agency voluntarily reduced their allocation of CETA workers to match crew sizes with the number of available vehicles. It was their estimation that they had more slots than they could provide tools and equipment for; it would be a waste of resources.

Mr. **Hinds.** In addition, as the CETA contractor in the area, the agency that contacted us had no problem getting slots from us. We filled their requests for the weatherization purposes.

Mr. **Andrews.** So, neither you nor your predecessors really had any labor problems? You have the capacity to obtain the labor?

Mr. **Hinds.** I speak for myself. I would say the other agency did not, but I will just qualify that.

Mr. **Andrews.** I see. I believe I will suspend my questions until all of the witnesses on the panel make their statements.

We have Mr. Tim Wilson, director of Community Services, Augusta, Maine. Mr. Wilson, we look forward to your statement, and we encourage you, rather than reading it, to summarize it; but again, that is up to you.

[Prepared testimony of Tim Wilson follows:]

PREPARED TESTIMONY OF TIM WILSON, DIRECTOR OF COMMUNITY SERVICES, AUGUSTA, MAINE

The Division of Community Services has administered the low-income weatherization program in the State of Maine since 1973 and is very concerned with the proposed transition of this program from the Department of Energy back to the Community Services Administration.

As the program administrator for this State we cannot support this move and would like to be on record as supporting the continuation of DOE for the following reasons:

1. Although the DOE program began with many limitations, which, in fact, hindered the state weatherization program, it has advanced to the point of being a very valuable and comprehensive program. Changes to regulations initiated by the DOE Special 90-Day Project Office further reinforces this.
2. DOE has developed and refined program support materials and procedures which will make the program more effective. If the proposed transition takes place, current procedures will become obsolete and the issuance of new regulations and procedures will retard the national energy conservation effort. The result of the transition will be program delays and confusion on the local level.
3. The Community Services Administration currently lacks the necessary technical expertise and sufficient manpower to adequately monitor the program activities of the state administrators or the local program operators. Although DOE has staff directed to the Weatherization Program their staffing is still too low to provide timely guidance and monitoring at the state level.

We do, however, believe that the current DOE program has a long way to go. Specific areas in need of work are the issues of weatherization related home repairs and labor. If the progress of the DOE's efforts to date can be taken as an indication of their commitment and direction, then future changes will make that program even more effective.

Repair and manpower funds must be increased to adequately serve the needs of low-income people in the State. The Maine State Legislature allocated state funds for a limited period of time as they realized that many houses of the lowest income householders had to be passed over because of the $100 repair limitation.

Although the use of CETA is mandated by Legislation and the State of Maine has strived to use CETA to the maximum extent possible, supplementary labor money is required to produce effective work crews in light of current and future cuts to the CETA program. This supplemental funding is also necessary to avoid using weatherization funds earmarked for materials for labor, thereby reducing the number of houses that can be saved.

The State of Maine Weatherization Program has made substantial gains in production during fiscal year 1979. Although it got off to a slow start, due to cuts in CETA, with the influx of State Legislation Funds the program is now performing well and will most likely exceed our goals. After 6 months of the program the state as a whole completed 1,142 houses or 63 percent of our goal. As of the end of February 1980 we completed 1973 houses and were within 82 percent of our goal.

The current DOE regulations, with reasonable changes that the state will recommend at public hearings and in writing to the Department of Energy, will allow us to continue to weatherize many houses and save considerable energy in the process.

Mr. **Wilson.** Mr. Chairman, I was asked to come down here about 2 days ago, and I was on the road. So, I talked to the staff director, and I have a one-page statement. I have been here about 40 times, I guess. I have been around for 7 years, involved with the beginning energy programs in Maine under Governor Curtis and went on with Governor Long, and now Governor Brennan. I have past experience dealing with a lot of this, and I am very blunt. I do not mean to offend anybody, but basically what I have found is that over the years the people who write many of these bills have never run anything. So, they do not know what it is to run a program.

So, half the stuff that they put out we cannot deal with on our level. These people are nice, they write nice things and say good things—I do not. I spent a lot of time trying to make that stuff work in the last 7 years.

We ran the first weatherization program in the country, it was called Project Fuel, it is in the record. It has been stated many, many times, I think Representative Jeffords knows that.

We do not at this particular time believe that the Community Services Administration should run this program, we have stated that. It is not due to personnel. The person who works in CSA at the present time, Mr. Saul, is a very fine man, I have great respect for him; but we feel at this particular time it would be wrong to change the program again.

We do not necessarily agree with DOE, either. I have had many battles with their particular people the last couple of years and have found them just as offensive sometimes as other people. They do not run particularly good programs and do not want to listen three-quarters of the time to people who have been around a long while. But, in the last 90 to 100 days we have found a great movement and can say that it looks like maybe they will get off the "dime" and will be able to do what they are supposed to do.

Now, I have listened to a lot of questions from different people who have been here—some have gone, some have come—in relation to what a program is about. One gentleman sitting on the end down there asked a question about how the program actually operates, how you check on what houses are being done or whatever.

I think the style of the management is determined by what kind of State you have. If you are in Vermont or northern New England, you are going to run a much tighter ship than if you are in Massachusetts or Connecticut, just based on numbers and the way your legislature and your government worked—that is called: That is what it is about—rural versus urban.

We have a different degree of problems, we run the weatherization program. I have 12 CAP agencies that are responsive to me. We also run the crisis intervention program out of my office. I have been sued over that.

What I am saying is that we do deal with a myriad of situations in Maine where we have the expertise to deal with the problem. The problem is to make the entity above us understand the expertise is there and utilized. I think that is one of the major problems with this. I think we all do that, we spend a lot of time yelling at each other but not listen.

The problem, I think, is that the people on this particular level do not realize that there are people at the other level that actually have worked the program for the last 4 or 5 years, understand it, know what is wrong, and what can be done. Instead they come in and leave you, and then do it again. They tell us to run it again—they change the rules around and run it again. We have had the rules changed—I have seen it—in this program for 6 years. I helped write the first ones. I went to the DOE and then FEA and got them to fund the program for 1 year when CSA would not fund us in our State, that was in 1976. In 1977, I saw the regulations change again. I have seen them change again in 1978 and, to be very honest with you—like I said before—I think it is time to stop changing back and forth and let us get on with the business we have to do.

We went to our legislature last October, we got $900,000. We ran into a problem over the labor in our State and proceeded to, in the last couple of months, so that I could meet my commitments to the DOE and also to the legislature—I said we would actually do 6,000 homes by June, but I have asked for a 90-day extension because of all this stuff we are doing, to September. We are required under the DOE to only do 3,600. We are going to do that. We are pushing people to get these houses done because in our State they have to be done.

We have checked the record. Maine has probably one of the highest conservation rates in everything you want to name, whether it is gasoline, whether it is oil consumption, or whatever. We have done our part. This is just another portion of that.

I guess that what I am trying to say is that I would hope that when you sit down and begin to talk about what ought to be the next step in weatherization, I sort of disagree with the gentleman at the end of the table, rehab is next; housing rehab is next. We have that program in our office and we utilize housing rehab. What I mean by that, sir, is that weatherization can only do so many things to a home. You have to go one step farther when you have chimneys and foundations fouled up, and whatever. That is housing rehab.

We utilize, in Maine, the 504 program from Farmers Home Administration to the extent that we are one of the few States that has ever expended all that money, and we are going to ask for more. They may not give to us, but we will ask for it.

So, we have had that the last couple of years. We have a demonstration project for that, called the "Housing Rehab program," that is a part of our weatherization program. So, in other words, we are now at another level.

I think that should be a part of the amendment placed on the floor to the National Energy Act, saying that 15 percent of that money should be used for that type of program, should be incorporated into weatherization because there are people who need loans and they cannot get them on the market. They could get this to help the construction industry, also because those are the people that do that kind of work. The kind of work we are dealing with is caulking, weather stripping, blowing in some insulation. That can take a menial kind of person who does not need a whole lot of experience and training. He gets 3 or 4 months of training and goes out to work. But it is the next level that we need. That is where you get housing rehab. You go out to the contractor and he can supply that kind of work. So, we can be doing a twofold thing. One, we are helping some people who need employment.

and you are helping the private sector who now also needs employment. So, we see this as a twofold thing in Maine.

That completes my statement, Mr. Chairman; I hope you can understand it.

Mr. Andrews. Well, I do not think your bite was quite as bad as your bark.

I might just comment in passing that you said the people who write the laws do not know anything about the problems of running the programs. Then you said that you have been down here and testified 40 times. If we do not know, you must not have fought a very good fight.

Mr. Wilson. On some of the things I came down to say, sir, some of the people were not receptive at that time. It seems now they are becoming more receptive.

[Documents submitted by Messrs. Hinds and Boucher follow:]

Position Paper

Submitted by Northeast Employment and Training Organization, Inc.

St. Johnsbury, Vermont

Richard S. Hinds, Assistant Director

Issue:

The transfer of weatherization programs from D.O.E. to C.S.A.

Response:

It is the belief of our agency that the weatherization programs should remain with the Department of Energy for the following reasons:

The most prominent rationale for such a transfer is that C.S.A. has provided in the past more flexibility in the rehabilitation of homes and general activities. This point is not in question. However, whether or not such rehabilitation and general flexibility should be a part of weatherization must be in question. It is our position that rehabilitation and weatherization are divergent program goals and to mesh the two will cause a prostitution of each resulting in inefficiency, poor workmanship, and massive energy loss. There is an immediacy for energy conservation that cannot be ignored. It has been the goal of the Department of Energy to meet this immediacy. Any divestment from a singular goal will surely cause massive energy losses. At present, our program of weatherization weatherizes one and a half homes per week per crew with an estimated energy savings per home of 30 to 75%. At this rate and at present funding levels, we estimate it will be 7½ years to weatherize all the low income homes that need it in our area. Any loss of time, of proficiency, will result in massive monetary losses on both the personal and national levels, and I must state that the low income people cannot afford such losses.

It is not the position of this agency that home rehabilitation is not needed. Indeed, there is a dire need, but to combine this activity with anything else can only dilute the effectiveness of any program with which it is coupled. If you want homes weatherized, put together the legislation. If you want homes rehabilitated, put together separate legislation. It may be advisable to even legislate that the two programs must plan and cooperate with and thereby compliment each other. But, to combine them can only hurt them both.

Administratively, D.O.E. has not imposed regulations which are unduly restrictive. Indeed, those regulations insure that monies expended are done so in an efficient manner and on specific program goals. In addition, these regulations help eliminate questioned expenditures by specifically outlining what are allowable costs. This can be demonstrated by the fact that our agency had no questionable costs in our recent audit. Even though C.S.A. allowed greater flexibility in program goals, the ability to evaluate the effectiveness of the programs became obscured due to the thin line which separates weatherization and rehabilitation. If it is the intent of Congress to weatherize as many homes as effectively as possible, this can only be effectively done by monitoring or administering them separately.

Position Paper

Submitted by Northeast Employment and Training Organization, Inc.

St. Johnsbury, Vermont

Richard S. Hinds, Assistant Director

Issue:

The operation of weatherization programs by other than Community Action Agencies.

Response:

On this issue, I cannot speak for other agencies, whether they are a Community Action Agency or not. I can only speak for our agency. We have been operating the D.O.E. weatherization program for almost nine months. We are not a Community Action Agency. According to State statistics, we operate the most cost efficient, productive program in the State of Vermont. We are the only provider to exceed planned goals; our average cost per home winterized is the highest, and the number of homes completed per man hour is the lowest. In nine months, we have winterized 254 homes. In six months, the former operator of the D.O.E. winterizing program winterized 56 homes. They were a Community Action Agency.

In my opinion, it matters not whether the operation is a Community Action Agency. It only matters that the systems and people are there to do the job...to serve the people.

Position Paper

Submitted by Northeast Employment and Training Organization, Inc.

St. Johnsbury, Vermont

Dean Boucher, Energy Coordinator

Issue:

The transfer of weatherization programs from D.O.E. to C.S.A.

Response:

During my four year association with weatherization programs in the Northeast Kingdom of Vermont, I have seen many changes both in administration and in the field of weatherization operations. In the last two years, I have seen a turn toward weatherization activities with less time spent on home rehabilitation.

The D.O.E. layout of the weatherization program is serving the low income population effectively. The objectives of the weatherization program are to make a home more energy efficient, prevent low income people from falling into dire poverty during the energy crisis, and to provide worthwhile training to both the participants and the clients. The manner in which the program is being handled in our area is achieving these goals.

The flexibility of D.O.E. has allowed us to establish systems that weren't in place before. The following are some examples:

1. We have been allowed to establish a quality control system where at least 50% of the homes completed are inspected for workmanship errors. Also, follow-ups are mailed out that allow the client to tell us if anything was not satisfactory.

2. We have been allowed to hire a trainer whose responsibility it is to assure that CETA participants receive the training necessary to do the job and to further find unsubsidized employment.

3. We are mandated to purchase all materials according to specific criteria, assuring that only the best materials are installed.

4. We were allowed the support funds to purchase all new equipment. This was instrumental in keeping productivity up. We have had very little down time and none due to equipment failure.

5. The cooperation from the State level has given us immediate response to technical problems, again, helping us to avoid program delays.

The only problems that exist presently are the $100 limit on repair costs and the need for non-CETA supervision on the job. If the $100 limit could be increased or at least considered an average, the quality of weatherization would be increased. Also, if work is to be performed at a level equal to the private sector, we must have adequate supervision at the job site.

In conclusion, I feel that it would be a disservice to the people if home rehabilitation was included in the weatherization program. This is not to say that a home rehabilitation program is unnecessary. Such a program is needed, but it should be a separate program so that it would not take preference to the weatherization activities the program was first intended to perform. In our area of Vermont, the D.O.E. weatherization program is accomplishing the goals intended, namely to weatherize the homes of the low income people.

Mr. Andrews. We thank all of you for very good statements. Mr. Richard Saul is also here. Mr. Saul is chief, Energy Program Division, Community Services Administration, Washington. My notes say you are here for the purpose of answering questions we may have. Do you have a brief statement you wish to make?

Mr. Saul. Very, very brief.

STATEMENT OF RICHARD SAUL, CHIEF, ENERGY PROGRAM DIVISION, COMMUNITY SERVICES ADMINISTRATION

Mr. Saul. My name is Richard Saul, I am with Community Services Administration, chief of the energy program.

I would just like to say a couple of things about some of the issues that were discussed. I think one of the biggest problems—and there have been a lot of questions about whether CETA should be abandoned or to what extent the private sector should be used in weatherization.

One of the important problems with CETA is the inability of the local projects, in many cases, to supplement the CETA wage because this has become critical since the last CETA amendments which required the prime sponsor to maintain a wage average. Now, this is not, I think, as serious a problem in rural areas as it is in many areas in the country, the CETA wage simply is not high enough to hire people even if slots were assigned.

On top of that, a lot of the projects are experiencing, you know, if they can keep a worker for 6 weeks they feel lucky because, as soon as they get trained, they will get jobs in the private sector. If they are not in a position to be able to supplement the CETA wage, they lose the best of the workers that they have trained. I think one of the most important things is the provision that any supplement of the CETA wage for weatherization not be counted in the prime sponsor's wage average because most prime sponsors cannot afford to permit their weatherization workers to have supplemented wages because they have to maintain an average over the entire program. I think that is terribly important.

The other thing I would like to second, what Mr. Wilson—I have never called him Mr. Wilson before—Tim Wilson said about home rehabilitation. We have had a recent discussion among our staff from the regions, and that was one of the two problems that we see as being the most important problems in the long-range future of the weatherization program. In recent months, in the last couple of years because of the legislative restrictions in the DOE legislation, some of the homes that needed weatherization worst have been bypassed. Some of the families needing help the worst have been bypassed. I think there has got to be a mobilization of existing resources. I am not suggesting that weatherization money be used to put a new roof on, but I think the weatherization program has to deal with this problem. I think it has got to be a concerted effort, and I am glad to see that in the bill there is specific reference to Farmers Home Administration and HUD in getting the kinds of resources needed to do the rehab.

In that connection, there is a study by the Consumer Products Safety Commission on home fires whose origins are electrical which suggests if we do not look very, very hard at electric wiring in a lot of the houses that are being weatherized and deal with that, we are going to be in very serious trouble because there is an awful lot of wiring that is in very, very bad shape.

The last thing I just want to mention, I think, is with regard to labor, to the extent that the money in weatherization is used to hire direct labor, that reduces the number of homes that are going to be weatherized because you are doubling, at least, the cost coming out of the weatherization program. If you have $500 million and you have to spend half of that on labor, you are going to do half as many houses. So, I think it is important that we try to take advantage of other resources for labor, where we can.

I think, frankly, in the kind of expanded weatherization program that is contemplated both in this bill and as has been mentioned by the President, one of the most serious problems is going to be that there simply is not a trained work force out there. There are not 50,000 people to do the work, and there has to be a major effort, I think, on training.

Mr. ANDREWS. Very good. There are a couple of points I did not quite understand. You said, if I understood you right, that CETA wages are too low and hence, as the CETA worker gets trained, the good workers get hired off. I believe you also suggest that 6 weeks is a long tenure for such people.

Then you mentioned supplemental wages. Do you support that?

Mr. SAUL. I think it is important that the weatherization projects be in a position to be able to supplement the CETA wage. As it is now, the last CETA amendments require the prime sponsor to maintain an average wage for all of the placements that are made. So, if the prime sponsor gives a weatherization project authority to supplement—the important thing is, the wage supplement counts in that average. This is clearly done because too many prime sponsors are using CETA to fill municipal job positions and then supplementing the wage to get them on. They are using CETA to pay half the wage. I suspect that is why they put this restriction in.

So, any wage supplements to the CETA wage under the present law count in the average wage of the CETA prime sponsor's position, which has to be maintained at a rather low level. So, the prime sponsor cannot afford to let a local project supplement the wage without dropping the wages at some other project. I know that the Senate bill—I cannot remember whether this bill has a specific provision in it that any supplements paid out of funds under this bill to supplement CETA wages would be exempt from that provision of the CETA law.

Mr. ANDREWS. That is my understanding.

Mr. SAUL. I think that is terribly important.

Mr. ANDREWS. And then you say that rehab should be permitted along with weatherization, and to that end we should allow the FHA—and who is the other agency?

Mr. SAUL. Farmers Home and HUD are the major resources for rehab.

Mr. WILSON. Farmers Home, HUD, and FHA. Farmers Home and HUD are the two most responsive.

Mr. ANDREWS. In the aging legislation there is some weatherization money?

Mr. **Wilson**. Those people are repair people. They hire people who are past a certain age to work, like repairmen; they do some of it.

Mr. **Andrews**. Is this reasonably well coordinated?

Mr. **Wilson**. It depends on what State you are in, sir. In our State it is fairly well coordinated because it has to be. A lot of those people work together. But in other places I do not know. I just know that in Maine they work right together, they have to.

Mr. **Saul**. One more thing, I think, I have to say, and that is, the CSA as an agency has an agency policy that supports optimal weatherization with a reduction in energy consumption of at least 50 percent. Now, from the work we have been doing in the National Bureau of Standards over the last 2 years—and Portland was one of those projects, we have 14 propects—they have been insulating all those houses, doing thermography. We will get some real data out of that for the first time at the end of the summer. It is going to be shown that a 60-percent reduction in energy consumption is quite easily attainable. It costs money, but it is all cost-effective money. The whole project is being limited to cost-effective money.

For a poor family who has seen oil prices go up—100 percent in the past year, we are not even talking about what happened in the years before that—a 15 percent reduction in energy consumption is hardly worth doing. We are still faced with billions and billions of dollars to pay their bills for them, or help pay their bills. I think until we look at weatherization, optimal weatherization which includes a healthy rehab piece in many cases, we are just going to be willing to spend an average of at least $2,500 per dwelling, in places like Maine and Vermont maybe $3,000, or $4,000 or $5,000 a dwelling, all of which has very short payback. I think we are going to be faced with the alternative of not dealing with the root of the problem, but only trying to pay people's bills, which I think is the wrong way.

Mr. **Andrews**. I agree. Those are very fine statements, somewhat encouraging. The program seems to be working better than some people represent to us that it is. Maybe, as you say, it is just working well in some areas and not in others. I get the overall impression, though, that at least in recent times it is working at least relatively well, overall.

Mr. Jeffords, do either of you have any questions?

Mr. **Jeffords**. Just that I believe that the NETO people had a prepared statement, is that correct? I just want to make sure that gets into the record.

Mr. **Andrews**. Without objection, all statements of any of the witnesses will be admitted into the record.

Mr. **Jeffords**. I certainly do not want to cut you off, if you intended to make a statement.

Mr. **Boucher**. No. It is just that I have been associated with the weatherization program when it was with CSA, as well as with DOE. I would just like to say that in the last few months things with the DOE program have certainly come a long ways. There was quite a bit of confusion at the beginning, both when we were with CSA and with DOE at the beginning. Things were a little bit shaky at times, but in the last few months things have certainly come together and we are getting great cooperation at the levels we need assistance on.

As far as the whole rehab and with the weatherization program, my feelings on that are that the home rehab is definitely needed, there is no doubt about that, especially up in our area. But is my feeling that the DOE program was made to weatherize homes and bringing home rehab into the weatherization program would certainly cut back on the number of jobs and number of homes that would be able to be weatherized because of the amount of time it would take just to do the work, if nothing else.

It certainly is needed, but I feel it is needed as a separate program in our area because we have so many people that do need weatherization assistance in Vermont. I think to cut back the number of jobs we can do in a year is going to be a disservice to the low-income people in our area.

Mr. Jeffords. May I just ask for clarification, when you gentlemen speak of rehabilitation, are you referring only to rehabilitation which is necessary to make the necessary energy improvements?

In other words, if you have a roof that has a hole in it, it does not do any good to put insulation at the bottom of the roof it is going to leak from the top. Is that the kind of rehabilitation you are talking about, or are you talking about rehabilitation to make it more habitable?

Mr. Wilson. In our State, the way we work it is because both those components are within the CAP agencies, weatherization, an inspector goes out and checks the home. He comes back and he says: "That home is in bad shape." The rehabilitation checks those out and looks at what the cost is going to be for the extensive types of things you are talking about. If it is a roof that needs to be fixed, how much can you do. If something is a patch job, then we say weatherization works for that; if it is something more expensive, now you are talking about things within 504. It is important that you have a relationship with the Department of Agriculture and Farmers Home Administration.

What we have done is worked with them by having this rehab technician trained so that he fills out all the forms for the Farmers Home Administration and all they do is OK it. Then we go to the banks and deal with them at 1 percent, or whatever we can get the money for, to help get that roof done, or that foundation, or whatever, so that family is taken care of.

Then, at a point where that work has been done, you done, you can send the weatherization crew back to do those other types of things because under the law you cannot go in and do a home that has extensive kinds of work that have to be done. So, it is really a coupling, and it has to be organized.

What I was saying before, there are some people who are new on the block and do not understand. There are some people who have been around and do understand, and work on it. What we are saying is, talk to people who have been doing it for a while, how they have done it, and then incorporate it to help some of the other States along. That is what I am trying to say.

Mr. Jeffords. Thank you.

Mr. Andrews. Permit me a slight change of subject. On this matter of weatherizing dwellings occupied by tenants, I am sure that if we are to accomplish the major purpose of the legislation we must proceed in this area. To what extent do you make an effort to determine the probable tenure of that tenant? In other words, can the owner just move the tenant in, then get all this work done and move him right out?

Mr. **Hinds.** In our program, we have an agreement with the landlords that they will not raise the rent or evict a person for a year.

Mr. **Andrews.** I understand that over the country, in a lot of areas, they have not been able to obtain such an agreement with the landlords.

Mr. **Hinds.** That is a problem we have, too, that the landlord does not really want to sign that.

Mr. **Andrews.** In many cases, I understand, they just will not sign.

Mr. **Hinds.** That is right, the landlord is the person holding our program up on doing the tenant homes, not that we do not want to do renters.

Mr. **Wilson.** I think one of the things is that what I call a small tenement owner—in other words, he might own two or three small apartment houses—he is not difficult at all, especially if he lives in the community. You can get him at church, or whatever, he will sign that. You get the priest, he will take care of it. That is the way you get the landlord. [Laughter.] But it is the guys in the big cities. Let me give you an example, we have some people that own some big property in Portland who live in Massachusetts. There is one particular place we have in Capital City, they called me on the phone in my home about 2 o'clock in the morning because we had to put some oil in that particular apartment for an elderly woman, and they have to sign an agreement—this is a different type of thing. But also, they need some weatherization done at this building and sign an agreement. They said: "We are not going to sign an agreement."

Some neighbors took care of that by saying—they owned a couple of other properties—"You need some sewage stuff done. We are just going to back you up." They squeezed him, and the guy signed it.

But what I am trying to say is that they will not sign, our out-of-State landlords or the big corporate structure, they will not do that. They want to be able to move people in and out. If a person does something wrong, you want to move him, that is their attitude about it.

We are having to go with the Attorney General with this whole issue now. They are trying to figure out what to do in Maine about it because the Low Income Legal Services Corp. wants something done on it. In this legislative session we had to deal with some budget stuff, we will probably get to it the next time.

Mr. **Hinds.** We have many absentee landlords. In Vermont a citizen notoriously does not want to give up his right. They want the right to kick somebody out, and they want to keep that. It is very hard to deal with that. We have run into several people who refused to sign. The whole house is completely filled with, or up to 75, 80 percent filled with low-income people and they still will not sign, and they are getting the whole house, basically, winterized for free.

Mr. **Saul.** Another problem, certainly in the early days, I know that CSA was criticized for not working with the tenants. The problem was that CETA originally would not permit their workers to work on rental property at all. It was only after we negotiated with them that, if we got an agreement from the landlord that would assure that the benefit would go to the tenant, that they agreed. That has always been a problem because they, of course, have their regulations, too.

Mr. Andrews. Well, I can see it is a very difficult problem. Obviously, I can see the landlord's point, too. You tie him up to keep some tenant for 2 or 3 years, and then next month he finds out they are just tearing up his place and he cannot get them out. I can see two sides to that. That is a very difficult problem.

Ms. Van Vlandren. We, in Vermont are also working with Legal Services, trying to design an agreement that will protect the landlord's right. He will guarantee for a year not to increase rent.

Mr. Andrews. That he will not move them out for a year except for just cause.

Ms. Van Vlandren. Except for certain causes.

Mr. Saul. I think the landlords are, too, eligible now for other programs that are not directed to the poor. There are various kinds of tax incentives for energy conservation. So, I think it has to be a creative effort to get them to take advantage of some of that.

Mr. Andrews. He could not get a tax deduction unless he paid for it; could he?

Mr. Saul. That is what I mean. But the point is, there are ways that he can get assistance through the tax incentive things. Sometimes it is a combination. In Stanford, I know, there is a combination.

Mr. Andrews. He puts up some money.

Mr. Saul. They also cooperate with the code enforcement people in the community where he knows he has to bring something up to code, and they start talking tough. There are various kinds of pressures that can be brought to bear.

Mr. Andrews. Mr. Wilson, I think I agree with you. Over a period of time, you acquired a lot of expertise on how to get the job done. Obviously, you could not have made it when you first started.

Again, we thank all of you for being with us. Does anyone have anything else to add?

Mr. Coleman would like permission, as well as each of us, to submit some questions for the record to some of you in writing. Would you be willing to respond?

Ms. Van Vlandren. Certainly.

Mr. Andrews. Very good. Let the record show, then, that Mr. Coleman has the privilege to submit written questions to the witnesses, and they are willing to answer them.

We thank all of you for being here. This is the second, not the first, day of hearings we have had recently. I think we are going to come up with a pretty good bill.

With that, the subcommittee stands adjourned.

[Whereupon, at 12:30 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

[Material submitted for inclusion in the record follows:]

PHIL SHARP
10th District, Indiana

1421 Longworth House Office Building
(202) 225-3021

Congress of the United States
House of Representatives
Washington, D.C. 20515

March 14, 1980

MAR 19 1980

Chairman Ike Andrews
Subcommittee on Human Resources
2178 Rayburn Building
Washington, D.C. 20515

Dear Mr. Chairman:

Recently I was contacted by Mr. Jeston McArter of Richmond, Indiana regarding the damage done to his home during the weatherization process. Contact by phone with you Subcommittee indicated that H.R. 6619 is currently under consideration to remedy some of the problems people have encountered with this program, and that your Subcommittee would be interested in knowing more about Mr. McArter's experience.

Briefly, Mr. McArter applied and qualified for winterization assistance. An initial visit to install weather stripping was performed well. However, three visits followed to blow installation into the walls. In each case, holes were blown completely through walls and damage was done to the ceiling of the home. Despite the visits of local supervisors, the job was not completed in a suitable manner. Mr. McArter is, understandably, quite concerned about the lack of training of CETA employees who were sent to perform this job.

It is my understanding that the legislation pending before your Subcommittee would allow local agencies to pay labor charges for the weatherization program and thus not be required to depend upon CETA workers to do the jobs. Your consideration of Mr. McArter's experience as you complete work on this bill is appreciated.

Thank you for your attention to this matter.

Sincerely,

Phil Sharp

Phil Sharp
Member of Congress

PS/cb

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

JAMES L. OBERSTAR
8TH DISTRICT, MINNESOTA

COMMITTEES:
PUBLIC WORKS AND TRANSPORTATION

MERCHANT MARINE AND FISHERIES

Congreſs of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE
323 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-6211

DISTRICT OFFICES
231 FEDERAL BUILDING
DULUTH, MINNESOTA 55802
(218) 727-7474

203 ANOKA COUNTY COURTHOUSE
325 EAST MAIN STREET
ANOKA, MINNESOTA 55303
(612) 421-[illegible]

March 18, 1980 MAR 20 [illegible]

Honorable Ike Andrews
Chairman
Subcommittee on Human Resources
Committee on Education and Labor
2178 Rayburn HOB

Dear Ike:

Just a brief note to accompany the enclosed correspondence from Mr. Peter Senarighi, Chairperson of the Duluth Community Action Program Energy Committee, which provides recommendations for the future course of the Federal Energy Crisis Assistance Program.

Recommendations from those persons directly involved in the program's administration can be most helpful as the Committee reviews the present low income energy assistance program and plans for a long-term solution to the home heating needs of low income Americans.

With best wishes,

Sincerely,

Jim
James L. Oberstar, M.C.

JLO:kgm

enclosure

DULUTH

DULUTH COMMUNITY ACTION PROGRAM

DULUTH, MINNESOTA 55806

The Honorable James L Oberstar
U S House of Representatives
323 Cannon Office Building
Washington, D C 20515

Dear Mr Oberstar:

The Duluth CAP wishes to express to you our appreciation for your support of this season's Energy Crisis Assistance Program (ECAP). Here in Duluth over 3,000 households will receive help through the program this winter. With fuel oil prices reaching $1.00 per gallon and monthly fuel expenses often exceeding monthly incomes for many of these households, such assistance has become a necessity.

The Energy Committee of the Community Action Board is now beginning to plan for next winter. While this heating season has been a difficult one for many of our residents we expect that things will continue to get worse for the next several years.

In planning for next year there are two specific recommendations for which we would like to solicit your support. These are:

1) That CAA's continue to administer the program at the local level. While we are aware of the shortcomings of the current ECAP we feel that the relative flexibility of the CAA's compared with other social service bureaucracies and the stigma attached to welfare departments by many of our clients (especially seniors) makes the CAA's the lesser of the various evils considered.

2) That the income guidelines, at least for the northern states, be raised to 150% of the federal poverty guidelines. In Duluth, 70% of the households rely on $1.00 per gallon fuel oil for space heating. During the severe weather months of winter it is not now unusual for a 100% of a households income to go for meeting space heating costs. Such a drain on a household's financial resource constitutes a hardship and often results in a crisis situation for households above the current 125% guidelines. Under current guidelines we are unable to respond to these situations.

Neither one of the above policy changes can be enacted locally. Congressional action will be necessary to bring about these changes and only through the initiative of the Congressional delegations from the northern states can we expect such action. We request your active support in this endeavor.

Sincerely,

Peter A Senarighi

Peter Senarighi, Chairperson
CAP Energy Committee

TOM HARKIN
5th District, Iowa

403 Cannon House Office Building
Washington, D.C. 20515
([illegible]) [illegible]

COMMITTEES:
AGRICULTURE
SCIENCE AND TECHNOLOGY

Congress of the United States
House of Representatives
Washington, D.C. 20515

DISTRICT OFFICES:
P.O. Box [illegible]
[illegible] Post Office Building
Ames, Iowa [illegible]
([illegible]) [illegible]

Box [illegible]
[illegible] Federal Building
Council Bluffs, Iowa [illegible]
(712) [illegible]

113 W. Montgomery Street
Creston, Iowa [illegible]
([illegible]) [illegible]

March 20, 1980

MAR 25 1980

Honorable Ike F. Andrews, Chairman
House Subcommittee on Human Resources
2178 Rayburn House Building
Washington, D.C. 20515

Dear Mr. Andrews:

I am enclosing for your consideration a copy of a letter I received from one of the area community action agencies in my district. The letter provides several suggestions for next year's energy assistance program.

I hope that these suggestions are of assistance to you and your staff in considering next year's program.

Sincerely,

Tom

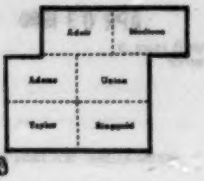
Tom Harkin
Member of Congress

TH/elk
Enclosure

PLEASE RESPOND TO:
☐ WASHINGTON ☐ AMES ☐ COUNCIL BLUFFS ☐ CRESTON

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

MATURA
Action Corporation
129 NORTH PINE STREET
CRESTON, IOWA 50801
Phone (515) 782-8431



FEB 20 1980

February 20, 1980

Congressman Tom Harkin
324 Cannon House Office Building
Washington, D. C. 20515

Dear Sir,

Regarding our Energy Crisis Assistance Program for the winter of 1979-80, there are a few comments and suggestions I would like to make.

If Congress had not authorized the program, there are many families who would be cold and hungry. What needs to be done, however, is to start now to get ready for next winter's program. With the funding that MATURA will be receiving shortly, MATURA will only just be able to help those clients who applied in December, meaning MATURA is already over two months behind where we really should be. This creates many problems for our clients and also for the fuel vendors, especially the small businessman who must pay for his fuel as he gets it. If we could have the money, or at least a good portion of it, in October or November, we would be able to help everyone with fewer problems and shut-off notices!

The amount of help we can give to each household should be raised. For people who heat with fuel oil, especially, they spend at least $200 a month. MATURA would suggest that people who have to rely on fuel oil be given a higher allotment. This item should be considered now.

The poverty guidelines should be raised. With the rate of inflation the way it is, it takes much, much more just to survive. MATURA does not think it would be out of line to raise the 100% poverty level by 25%. This would allow us to help more people in this period of rising costs.

If you would start now to get the 1980-81 ECAP Program started, it would be greatly appreciated by many, many individuals. Thank You.

Sincerely,

Janice Zimmerline

JANICE ZIMMERLINE
ECAP Coordinator
MATURA Action Corporation

An Equal Opportunity Employer

APR 03 1980

James B. Hunt, Jr.
Governor

NORTH CAROLINA
DEPARTMENT
OF COMMERCE

D.M. Faircloth Secretary
(919) 733-4962

April 2, 1980

The Honorable Ike Andrews
Chairman, SubCommittee on Human Resources
2189 Rayburn House Office Building
Washington, D.C. 20515

Dear Ike:

The Commerce Department has been asked to make a statement with respect to our experience and opinion concerning the Weatherization Program. Attached is our response to this request by your office.

We appreciate your giving us an opportunity to make this input.

In the event that you need additional information or have other questions, please feel free to contact the Energy Division, Mr. James Gibson, at (919) 733-2230.

Sincerely,

D.M. Faircloth

DM/cm

Attachment:

430 N. Salisbury St., Raleigh, N.C. 27611

TESTIMONY BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES

These comments are designed to address the weatherization assistance program as administered by the U.S. Department of Energy (DOE) and through the Energy Division (ED) of the N.C. Department of Commerce. The Energy Division began its participation in the DOE program in 1977 with the first weatherization grant in the amount of $475,000. Those funds were to be used for the weatherization of 1,065 homes during the program year 1977-78.

The weatherization program as established by the Department of Energy in 1977 was scheduled to be supplementary to the already existing Community Services Administration (CSA) weatherization program that was established in 1975. As a supplementary program, the DOE funds were not designed to supplant existing weatherization funds, but were designed to increase the amount of funds available for weatherization assistance.

The Governor, having designated the ED to be the lead agency in North Carolina for the the DOE program, directed the ED to contract the DOE program with the State Economic Opportunity Office (SEOO) of the Department of Natural Resources and Community Development. The ED's role would be one of monitoring, training and evaluation of the SEOO in its implementation of the program. The first contract between the ED and the SEOO was signed in November, 1977, with training of the SEOO staff and subgrantees to follow in December, 1977, and January, 1978. Actual weatherization work did not begin until March, 1978.

There were several factors that characterized the relationship between the ED and the SEOO in administering the program:

1. SEOO and the Community Action Agencies (CAAs) strongly rejected their being asked to administer the DOE weatherization program without adequate administrative monies The fact that DOE's program was merely supplementary was never accepted by the SEOO and the CAAs. Initially the ratio between funds for materials and adminis-

trative costs was 9/10. With 90% of grant funds appropriated for the purchase of materials for the program, the remaining 10% was designed to pay for office supplies.

2. The project retrotech (energy audit guide) as developed by DOE for use in its program was rejected by the SEOO and the CAA. Though training was available and was provided by the ED to the SEOO staff as well as to the subgrantees, friction still remained between the two agencies. The retrotech manual was then required by the ED as the official document used to determine the evaluation and calculation of savings for each dwelling unit to be weatherized with DOE funds. Prior to DOE's involvement in weatherization, it was extremely difficult to measure the effectiveness CSA weatherization efforts.
3. Because of Congress' mandate the labor for the weatherization program be secured from Public Service Employment programs many weatherization projects were delayed due to inadequate labor. Where some labor was available, many program operators would expend funds provided by CSA for weatherization, while DOE funds remained idle. Also, local CETA sponsors had their own priorities and often, weatherization was not included in those priorities.
4. Ineffective planning and coordination by the local CAA with the local manpower office often resulted in inadequate labor for weatherization.

Concerned with low productivity in total units weatherized, the ED in 1978-79 asked the SEOO to increase its monitoring visits to the CAAs in an effort to determine the obstacles that were precluding the effective implementation of the program. Thus, in an effort to improve the program's effectiveness, the ED asked the SEOO to:

1. Increase its monitoring visits to at least 2 per quarter until identified problems plaguing the weatherization program were eliminated;

2. improve the training and technical assistance activities provided to the subgrantees.

After careful monitoring of the SEOO and the subgrantees, the Weatherization Coordinator of the ED made a recommendation that the weatherization program could best be administered by the ED of the Department of Commerce. On October 1, 1979, the weatherization program was transferred to the ED with this division housing full administrative and technical responsibility for the program. The ED now employs 4 full-time professionals in this program; a coordinator, a general accounts auditor and 2 weatherization field specialists. Since October, 1979, the weatherization staff has made monitoring visits to each subgrantee (42) for the purpose of evaluation, technical assistance and training of local weatherization personnel. Considerable progress has been made since the ED assumed full responsibility over the program October 1, 1979. Outlined below is a production schedule for the DOE program as jointly administered by the ED and the SEOO from March 31, 1978, through September 30, 1979.

Quarter Ending	Units Weatherized
3-31-78	159
6-30-78	567
9-30-78	279
12-31-78	127
3-31-79	512
6-30-79	661
9-30-79	551
Total	2,856

Production resulting from the ED administration from October 1, 1979, through March 31, 1980:

Quarter Ending	Units Weatherized
12-31-79	1,017
3-31-80	*1,121

Perhaps the increases in the number of units weatherized may be attributable to several factors.

1. Improved training and technical assistance by the ED to local operators;

2. increased monitoring;
3. improved communication between the ED and local operators; and
4. revision of DOE labor regulations to allow employment of supervisory labor.

The DOE has further revised its regulations to allow the employment of direct labor for the weatherization program. This action should enable the State to double, if not triple, the total number of units weatherized in 1980. North Carolina will begin to implement the revised DOE regulations relevant to labor sometime in April, 1980.

In order to evaluate objectively the successes of a program, a factual analysis is necessary. The basic goal of the weatherization program is to retrofit homes and to thereby conserve energy. We believe the records show the program in North Carolina has been most productive under direct control of the Division of Energy.

Weatherization is an energy program, just as are other programs to conserve energy like Residential Conservation Service and the Schools and Hospitals Program, or for that matter gasoline conservation efforts. It must be understood that the social aspects of weatherization — and all the other programs mentioned — can only be attained through the technical efforts that are related to energy conservation.

Most of the arguments levied against DOE's administration of the weatherization program seem to come from those who do not fully understand the technical nature of the program or accept that it is essentially an energy conservation program.

In conclusion, it seems more than coincidence that past changes have occured concurrently with the shift of the entire weatherization program to the ED. We believe that is reason enough to give support to the Department of Energy being the agency with sole statutory responsibility and authority to operate the weatherization program.

MAR 31 1980

National Governors' Association

Otis R. Bowen, M.D.
Governor of Indiana
Chairman

Stephen B. Farber
Executive Director

March 28, 1980

The Honorable Ike F. Andrews, Chairman
Subcommittee on Human Resources
2178 Rayburn House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

The National Governors' Association believes that a strong conservation policy is an important element of our country's energy policy and that weatherization of dwellings is essential to conservation. The poor are twice-thwarted in their efforts to weatherize: their homes tend to be old and often dilapidated, yet their lack of available resources generally means that they cannot afford the cost of weatherizing.

In reviewing H.R. 6619 we were particularly pleased to see that you have included provisions for easing the problem of providing workers to do the weatherizing. NGA has been acutely aware, over the last 18 months, of what we have come to call the "mis-match" between CETA and the weatherization program. CETA funds are targeted to areas of high unemployment; weatherization funds go to areas with the most severe winters. While this approach sometimes works, as in New England, often it does not. There is also the much-reported problem of weatherization materials lying in warehouses because there are insufficient CETA/PSE workers to do the installation. While DOE has recently changed its CETA-only requirements, your bill both permits non-CETA workers and, for those areas where the wage level has been a problem, creates a mechanism for paying CETA weatherization workers at levels above the CETA average annual wage.

We would like to submit for the record the enclosed testimony in support of H.R. 6619, the Economic Opportunity Amendments of 1980. If you have any questions, please feel free to get in touch with Ms. Joan Wills, the Director of NGA's Employment and Vocational Training Program.

Sincerely,

Steve Farber

Stephen B. Farber

Enclosure

HALL OF THE STATES • 444 North Capitol Street • Washington, D.C. 20001 • (202) 624-5300

STATEMENT SUBMITTED FOR THE RECORD

ON H.R. 6619 WEATHERIZATION

Mr. Chairman, thank you for the opportunity to submit for the record the views of the National Governors' Association on the problem of weatherizing the homes of low-income individuals and on the committee's approach to accomplishing this, H.R. 6619.

Low-income families in the United States spend upwards of 30 percent of their income on energy--and this staggering share continues to rise. Structural factors in our energy pricing and delivery systems--which deny the poor opportunities to purchase on credit or lower their costs by making bulk purchases--further impair the low-income energy user's ability to meet his energy needs.

Increasingly, we must look to conservation as a tool to reverse this bleak energy outlook. Yet here again the poor suffer disproportionately. Their energy usage is typically minimal to begin with. Further, the poor's ability to offset increased energy costs through product substitution in the marketplace is lower for energy than for any other necessity. Finally, the inferior quality of the poor's housing stock adds yet another impediment to their efforts to cut back on energy usage.

This ominous energy situation is one with which you are all quite familiar. Of the many low-income energy bills now before Congress, H.R. 6619 offers one of the most important components in the search for a cost-effective and permanent solution to the energy ills of the poor.

There are a number of reasons why our current national weatherization program does not work. These are outlined below:

1. Labor

The first and most highly publicized difficulty affecting the weatherization program centers around the difficulty of securing an adequate labor supply.

NGA endorses using this national conservation initiative to achieve a second vital national objective: namely, to train and employ people in worthwhile jobs. Yet as we all know, the CETA program has failed to meet the labor needs of DOE's weatherization program.

This failure has several sources:

First, the allocation formulas for the DOE, and prior to that, the CSA, programs do not direct funds to areas that receive the major share of CETA monies. For example, North Dakota's need for funds to weatherize homes is obviously high in comparison to its total population, but its low unemployment rate gives it a small share of CETA funds to do the job.

Second, energy conservation and weatherization programs, under DOE, have planned and allocated funds within states. Yet the CETA system relies on a federal/local partnership that does not mesh neatly with the state/local implementation of weatherization programs.

Third, too few CETA positions are available. In Massachusetts, severe cutbacks in CETA appropriations combined with a slight reduction in unemployment levels have resulted in their receiving 60 percent fewer public service positions for FY 80 than for FY 79, which in turn was 40 percent lower than for FY 78. One typical city, Worcester, saw its CETA public service payroll shrink from $12 million in FY 78 to a mere $2.8 million in FY 80. These cuts have crippled local weatherization efforts, which depend entirely on CETA public service funds for crew salaries.

Finally, CETA wages are too low. Reductions in the average annual wage for CETA workers have led to a situation in which community action agencies (CAA's) often find it impossible to fill available CETA slots. Recognizing this problem, the Governors Association has adopted a policy statement supporting a more realistic wage level.

These and other labor problems have contributed to a situation wherein the DOE weatherization program currently operates at one-half capacity or less in many states.

H.R. 6619 takes an important step towards making the weatherization program sensitive to actual needs. It allows the employment of CETA and other target workers only "to the maximum extent practicable;" it caps CETA wages at the maximum allowable, rather than the average annual wage; and it allows the Director of CSA to set, by regulation, the mix of weatherization funds spent on materials versus that spent on labor. Weatherization and CETA resources, blended in the right proportion, could further weatherization and job training objectives. Yet the bill could go further. CETA weatherization wage levels should be set in accordance with private sector wages for this type of work.

II. Program Latitude

A second troubling feature of the current weatherization legislation concerns the limited, highly-regulated nature of allowable conservation activities. For example, the limits on weatherization-related repairs,

$100 per unit, are unrealistic given the poor condition of most low-income living units. The current program also prevents oil burner repairs and the installation of low-flow shower heads or aerator faucets--all of which are proven energy savers--until National standards are promulgated. Some of these limitations are mandated by the program's authorizing legislation, while others are matters of administrative discretion.

The earlier weatherization program encouraged a wide range of low-income conservation activities in the areas of consumer education, advocacy, appropriate technology and transportation. Projects funded in Massachusetts, for example, under this program included solar green-houses, a widely-disseminated tape show on conservation self-help techniques, and an energy education bus that traversed the state.

This bill addresses many of these difficulties. Part C outlines a series of education and outreach programs, as well as pilot projects, all directed at fashioning a comprehensive low-income energy program that covers research, outreach, as well as the immediate practical help of weatherizing. These plans must, of course, be consistent with the state plan, which is chiefly responsible for coordinating all weatherization services.

Equally significantly, we appreciate the elimination of many limitations of the cureent legislation in favor of granting states and local community-based organizations flexibility in achieving their conservation goals.

III. Renters

The needs of low-income renters must be addressed. The difficulty of securing agreement from all tenants on the project and the legal prescription that only income-eligible units may be weatherized are just two of the factors that have led CAA's to shy away from weatherizing rental units.

H.R. 6619 takes a giant step in the direction of solving the problem of how best to serve renters by allowing each state the flexibility to put forth in its state plan how it will address the needs of both renters and owners of rental property, with the only restriction being that they must be served equitably with the home-owning population.

IV. Funding

Funding for the current program is clearly insufficient. At the present rate of $200 million per year, for example, it will take nearly 25 years to weatherize the 341,000 poorly-insulated low-income housing units in New England. In addition, given the increased need for DOE to fund crew labor, the number of units able to be weatherized will be diminished and the completion schedule set back even further.

H.R. 6619 not only gives the weatherization program a three-year authorization, but also provides a level of funding sufficient to make a sizeable dent in the staggering number of dwellings in need of being weatherized. While the dollar amount appears high, we must remember that there will be concommitant savings in cash assistance to cover the energy expenses of the low income population, as more and more homes become more fuel efficient. Too often, in times of budgetary restraint, we ignore the very real cost offsets of what appear, on the face, to be expensive programs.

V. Administrative Agency

It should be noted that DOE and CSA both have demonstrated strengths and weaknesses in administering the low-income weatherization program. As discussed earlier, CSA experimented with a range of conservation techniques, and allowed states and CAA's considerable flexibility in running their programs, making for a diverse, responsive program. DOE, on the other hand, has been far more rigid in operating its weatherization program. While much of this was mandated by its authorizing legislation, the agency went further by refusing to acknowledge the legitimate difficulties CAA's had in securing labor, and failing to experiment with innovative advocacy techniques. Yet DOE succeeded in putting in place an extremely effective management and reporting network, while CSA was never able to develop such a system. Before the transfer outlined in this bill is accomplished, CSA must fashion a strong well-defined management system.

We make these comments on past program administration by way of pointing out that there have been strengths and weaknesses in both CSA's program and DOE's program, and not by way of suggesting that either one is better-equipped than the other to carry out a program. In general, the NGA does not take a position on federal government administrative arrangements, and specifically in this bill we are pleased with the program flexibility accorded the chief executive at the state level.

Technical Changes

Mr. Chairman, this bill is, overall, an excellent one. The NGA appreciates the fact that the planning process at both the state and the local level is not burdened with a multiplicity of councils. We believe that the needs of the population to be served will be more than adequately met under the program set forth in this unusually clean and clear approach. We have two quite minor changes we would like to suggest:

- Sec. 1115(a)(1)(B) - we recommend that the promulgating of regs not be left to the discretion of the director. Some years, particularly at start-up, can require expensive capital purchases (insulation blowing equipment, for example). The word "may" should be changed to "shall".

- Sec. 1116(b)(3)(E)(ii) - it is not really within the purview of most states to "prohibit" this; where rent controls (or other such mechanisms) exist, they are local. We suggest the wording in the Senate weatherization bill, that the state plan shall set forth "criteria for avoiding undue enhancement of the market value of rental property."

These changes, as we said, are minor; the bill is, in general, well-crafted. Should your staff need any assistance, the Employment and Vocational Training staff of NGA will be happy to work with you.

common cause
2030 M STREET, N.W., WASHINGTON, D. C. 20036 (202) 833-1200

Archibald Cox
Chairman

David Cohen
President

John W. Gardner
Founding Chairman

April 1, 1980

Dear Representative:

The Subcommittee on Human Resources of the House Committee on Education and Labor is scheduled on Wednesday to mark up H.R. 6619, the Economic Opportunity Amendments of 1980. This bill would improve comprehensive energy conservation services programs to help enable low-income Americans to overcome the critical energy-related problems they face in the coming decade.

The Senate on February 28 passed a very similar bill, S. 1725, by a vote of 75 to 5. Common Cause urges you to give strong support to H.R. 6619.

In the last ten years, energy prices have increased at a rate far greater than inflation. From 1972 to 1979, the Consumer Price Index rose 76 percent, while electricity costs increased 92 percent, natural gas prices rose 155 percent, and fuel oil costs soared by 293 percent. These increases in home heating and cooling costs have had a particularly damaging effect on low-income Americans. While the average household spent approximately 4.7 percent of its 1978 annual income on energy for household purposes, the average low-income household spent over 18 percent of its income on energy, with even higher percentages in particular regions of the country.

In response to these escalating prices, the Congress last year enacted a one-time $1.2 billion emergency assistance program to help low-income families pay sharply increased energy bills. To avoid a never-ending series of annual and ever-increasing energy assistance programs, however, Common Cause believes that the federal government must provide a permanent solution to the pressing need for comprehensive energy conservation for low-income Americans.

Increased weatherization of low-income houses is a critical component of a permanent solution. Surveys conducted by the Community Services Administration reveal that almost half of the homes occupied by low-income households have no insulation and most have no storm doors or windows. A comprehensive, effective federal program is needed to weatherize these homes thereby reducing the energy consumption and costs for low-income households on a permanent basis and conserving our nation's scarce energy resources.

The legislation before the subcommittee corrects serious problems which have existed in the weatherization program as administered by DOE. DOE's handling of the program has been criticized by its own Inspector General for failure to expend appropriated program funds, inadequate program oversight, bad management practices and failure to meet program goals. Although DOE has made some improvements recently, the Department still has $400 million of unexpended funds in the program at a time when poor people have been particularly burdened with skyrocketing energy costs.

Responsibility for the weatherization program under H.R. 6619 would be given to CSA, the federal agency which has both an ongoing relationship with the community action agencies serving low-income households and which has a demonstrated record of success in weatherization efforts.

Common Cause believes that H.R. 6619 represents an important step in the development of a significant low-income energy assistance program. We urge the subcommittee to report a strong bill which:

-- establishes a comprehensive energy conservation program for low-income citizens which includes weatherization services, crisis intervention assistance, energy conservation education, and outreach services;

-- prescribes appropriate functions and structure for administering the various components of the comprehensive energy conservation program;

-- authorizes energy related research, demonstration, and pilot projects designed to respond to the energy needs of low-income Americans; and,

-- provides for coordination of all federal energy programs which serve low-income Americans.

Common Cause believes that conservation can be this nation's most valuable energy resource if fully developed. We also believe that the federal government must make a special commitment to meet the energy needs of low-income citizens. H.R. 6619 meets both of these objections. We strongly urge you to support it.

Sincerely,

David Cohen

David Cohen
President

Fred Wertheimer
Senior Vice President

Virginia Association of Community Action Agencies, Inc.

HOME COMFORT

VIRGINIA WINTERIZATION PROGRAM
P.O. Box 1997
Richmond, Virginia 23210
(804) 786-1798

April 2, 1980

Hon. Ike Andrews
Chairman, Subcommittee on Human Resources
U.S. House of Representatives
2178 Rayburn Office Building
Washington, D.C. 20515

COMMENTS ON HR 6619
(WEATHERIZATION PROGRAM)
BY REGION III ENERGY
COORDINATORS' CONFERENCE

Dear Congressman Andrews:

On behalf of the members of the Region III Energy Coordinators' Conference (RECC III), I am sending you the following comments on HR 6619, which establishes a comprehensive energy services program for low-income people. The RECC III comments concern the portions of the bill which deal with the weatherization assistance program.

Energy programs for low-income persons in Federal Region III (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia) have been operated by state-level agencies, state offices of economic opportunity, or their equivalent.

The Region III Energy Coordinators' Conference (RECC III), composed of key members of the state energy program staffs, has met bimonthly for the past three years to share information and discuss matters of importance to energy programs. The group has worked under past weatherization legislation, and believes it is in a position to make knowledgeable recommendations on reauthorization legislation for the program.

Present weatherization legislation is unduly stipulative on subjects that ought to be left to regulations and guidelines written by the administering federal agency. Any legislation adopted by Congress ought to be flexible and broad enough 1) to be adapted effectively by all state weatherization programs to their widely varying needs and resources, and 2) so that the legislation will continue to be useful and efficient during its entire life--not just during the first year or two after it goes into effect.

Although the states in Region III operate their programs somewhat differently, and their programs are of various size and resources, the RECC III group has many common concerns. Each state has seen firsthand the problems that have arisen or could arise from weak legislation on weatherization. As the programs continue to grow, certain issues will become even more pressing, and it is urgent that pending legislation address these issues rationally and equitably. The following items represent the RECC III common position on weatherization sections of HR 6619:

Section 1113 - Authorization of Appropriations; Section 1121 - Eligibility: The Perkins bill authorizes appropriations for weatherization which are substantially more than allowed under the Nelson bill and about five times the annual amounts presently appropriated through 1980. Authorization of large appropriations for weatherization is, or course, an excellent provision, assuming that enough flexibility in hiring labor and otherwise making efficient use of these funds is built into the bill--there is no justification for more money if it is impossible to spend it.

However, the bill's large appropriations are extremely incompatible with the bill's proposed eligibility requirements. To be eligible for the weatherization program under the Perkins bill, a person's income must be no more than 100% of the federal poverty line; or the person must be severely handicapped; or, if 60 or older, the person's income must be no more than 150% of the poverty guideline. The 100% poverty guideline requirement is regressive (it means that many persons served and waiting to be served under the current 125% poverty level requirement would be ineligible for services). It defies logic to restrict the number of persons eligible for the program while proposing to greatly expand the funds available for that program.

In order to serve a greater number of needy persons under the ample funds, the Perkins legislation should specify that client eligibility will be based on income at or under 85% of the Lower Living Standard for the area in which the client lives. Since the Lower Living Standard is adjusted according to figures for the local area and 85% of the LLS in most areas would be a higher income than 125% of the poverty level, states would be allowed greater ability to serve more citizens. States which had not saturated their 125% of poverty level population could still give priority to serving those persons. The legislation should specify that the state plan may give priority to serving persons at or under the 125% poverty level.

The legislation may give priority to elderly and severely handicapped persons, but setting income eligibility at 85% of the LLS will provide a uniform determinant of eligiblity. Using different standards for different age groups will be unnecessarily confusing; backstepping to a more strict eligibility requirement (100%) is absurd.

The RECC III group urges adoption of 85% of the LLS as the maximum income level for eligibility for weatherization services.

Section 1114 - Allotment of Funds to States: Weatherization legislation should make it possible for a percentage of total funds to be allocated to states on the basis of a formula, NOT SPECIFIED IN THE LEGISLATION. Regulations, NOT the legislation, should specify the formula factors. The remaining portion of funds would be retained by the administering federal agency to be awarded as incentive, based on production and resulting amount of funds already spent. The state should also have to have used a percentage of the previous year's allocation before it can receive more funds.

If the legislation does specify formula percentages, the Perkins formula is more fair than the formula listed in the Nelson (Senate) bill -- the Perkins formula puts more emphasis on numbers of eligible participants in the state than heating degree days. The reallotment procedure specified in the Perkins bill should be firmer and more specific (see above comments).

Section 1115 - Limitations on Funds Within State Distribution: The Perkins bill's 15% allotment for program support is inadequate, especially when it includes items formerly included in administration categories.

However, the legislation should not specify spending percentages at all. Instead of using specific percentages dictated by legislation, the state plan for funding should be able to break down administrative, labor, materials and program support costs in necessary proportions for the particular state and local areas involved; the Perkins bill should leave up to the state the authority to determine its cost needs for the period of time covered by the state plan. (For example, a new local program might need to make substantial capital investments for vehicles, etc. during its first year of operation, whereas ongoing programs would have different needs.)

The legislation should not leave to the federal agency director authority to raise/lower to the program support limit through regulations, or to prescribe appropriate percentages for materials and labor. Incorporating the procedure suggested above will make the legislation much more flexible and beneficial.

Section 1116 - State Plan: The three-year state plan, with annual changes as needed, is a concept we endorse. It will simplify a grantee's work, and will avoid the redundancy that accompanies annual state plans. It will also encourage long-range planning.

Section 1117 - Labor: The labor provision of the Perkins bill puts more distance between weatherization and CETA; it allows more flexibility in hiring labor. This is a step in the right direction. Legislation should allow local weatherization agencies unrestricted ability to hire labor and on-site supervisors if CETA labor is unavailable for any reason, through whatever method is appropriate based on the needs of the program and the supply of labor in the community.

Section 1123 - Administration: The Perkins bill specifies that no more than 15% of total program costs may be used for administration, and that not more than 5% of total costs may be spent for state administration. Is the 15% for administration the same 15% specified earlier for program support (which appeared to include administrative items)? This should be made clear in the legislation.

Section for Alternative Energy/Consumer Education Programs: The RECC III group recommends that the Perkins bill include specific provisions for energy conservation education for low-income people, as well as demonstration/research projects in alternative sources of energy. It does no good to weatherize a home if the resident is never taught efficient energy conservation practices. Funds for demonstration/research projects in alternative energy are much-needed, and will enable weatherization programs to pursue applications of solar power and other alternative energy sources for low-income persons. Alternative energy sources would be extremely helpful to these persons in cutting fuel costs and keeping their homes warm.

I hope that these comments are helpful, and that the committee will be able to take them into consideration.

Sincerely,

Margaret Alford

Margaret Alford
Planning/Research Coordinator
Virginia Winterization Program

UNIDOS CON DIGNIDAD

UNITED MIGRANT OPPORTUNITY SERVICES, INC.

P.O. BOX 04129 • 809 W. GREENFIELD AVE • MILWAUKEE, WI 53204 • PHONE 671-5700

CARLOS REYES
President

LUPE MARTINEZ
Executive Director

March 31, 1980

APR 4 1980

HOUSE OF REPRESENTATIVES HOUSE EDUCATION AND
LABOR SUBMITTEE ON HUMAN RESOURCES MEMBERS
U.S. House of Representatives
Washington D.C. 20515

Attention Representatives: Ike Andrews,Carl Perkins, Dale Kildee, Edward J. Stack, Pat Williams, Baltasar Corrada, John Ashbrook, William F. Goodling, E. Thomas Colemas

Gentlemen:

Please be advised that United Migrant Opportunity Services, Inc., a private, non-profit agency serving migrant and seasonal farmworkers, strongly supports Senate Bill S. 1725 and its companion bill No. H.R. 6619.

Your support is appreciated.

Sincerely,

Lupe Martinez
Executive Director

LM/sf
cc: K. Mills

American
Coalition of
Citizens with
Disabilities
Inc.

1200 15th Street, N.W.
Suite 201
Washington, D.C. 20005

(202) 785-4265

Frank G. Bowe, Ph.D.
Director

OFFICERS AND MEMBERS
BOARD OF DIRECTORS

Terrence J. O'Rourke
President

Phyllis Rubenfeld
First Vice President

Judy Heumann
Second Vice President

Reese Robrahn
Secretary

Ann Ford
Treasurer

Joyce Jackson

Deborah Kaplan

Durward McDaniel

Kathy Miller

Al Pimentel

Pat Pound

Charles Sabatier

Vivienne Thomson

Joseph Veisz

March 5, 1980

The Honorable Ike Andrews, Chairman
Committee on Education and Labor
Subcomm. on Human Resources
2446 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Andrews:

The American Coalition of Citizens with Disabilities (ACCD) is pleased to submit testimony to you on March 5, 1980 to be incorporated into your hearings on H.R.6619, a bill to enable severely disabled Americans to participate in energy assistance programs and to encourage their employment in the fields of energy conservation and alternative energy development. ACCD is willing to add to this testimony if you deem it necessary. We feel we have addressed the issues in this bill relating to the interests of millions of disabled people throughout the United States.

Thank you for this opportunity.

Sincerely,

John M. Williams

John M. Williams
Communications Coordinator

Janice A. LaLonde

Janice A. LaLonde
Advocacy Associate

Encl.

TESTIMONY OF THE AMERICAN COALITION OF CITIZENS WITH DISABILITIES, INC. (ACCD) BEFORE THE COMMITTEE ON EDUCATION AND LABOR, SUBCOMMITTEE ON HUMAN RESOURCES, U.S. HOUSE OF REPRESENTATIVES

5 March 1979

John M. Williams
Communications Coordinator

Janice A. LaLonde
Advocacy Associate

ACCD
1200 15th Street, N.W.
Suite 201
Washington, D.C. 20005
202/785-4265

Mr. Chairman, Members of the Committee, the American Coalition of Citizens with Disabilities (ACCD) thanks you for this opportunity to submit this testimony on H.R.6619, a bill to enable severely disabled Americans to participate in energy assistance programs and to encourage their employment in the fields of energy conservation and alternative energy development. America is currently experiencing one of the most severe energy crises in its history. Americans are a malleable people who, we are confident, can weather this crisis. While severely disabled Americans are perhaps the most malleable of all citizens, we believe the harsh realities of today's economic life necessitate that they receive the assistance offered by this important legislation.

ACCD is a national umbrella association of 90 national, state and local organizations of and for disabled people. As the representative of 7 million of this nation's 36 million disabled citizens, ACCD strives to enhance the human and civil rights of disabled people through promotion of consumer and professional involvement in decision-making on national, state and local levels, research and training and information and referral programs.

The current living conditions of millions of severely disabled people are abominable. A majority of this population is under-educated, unemployed and living on incomes at -- or below -- the poverty level. Poverty and disabilities are highly correlated. Disability is a major cause of poverty, and poverty of disability. Millions of severely disabled Americans are literally trapped by the energy crisis. Ever-increasing gasoline and heating oil costs cut deeply into their poverty-level incomes, often robbing them of money sorely needed for life's other necessities such as food, clothing and medicine.

Four-fifths of disabled Americans live in houses they own or rent. They live in older buildings with comparatively inefficient heating. The purchase of more efficient heating equipment to weatherize their dwellings is often prohibitive due to rapidly rising costs. They are living on low and limited incomes and are spending over

20% of their annual budget on heat and electricity. Indeed, in the coldest reaches of the Northeast, most households spend up to 35% of their income on heat and electricity. All this as compared to the 5% national average spent by younger, able-bodied citizens.

The option of moving to newer houses and apartments which are more energy-efficient is less available to disabled persons for a number of reasons, including increased problems with mobility, decreased employment opportunities, limited income and discrimination based on their disabilities. Thus, the following factors must be considered prior to such a move: 1) The accessibility of the dwelling. 2) The availability of accessible transportation. 3) Close proximity to doctors, stores, places of worship and employment. 4) Rental costs.

Disabled people are trapped between the high costs of using energy and the high costs of not using it. For example, utilities charge higher unit prices for smaller amounts of usage. An additional problem results from utilities and heating oil dealers restricting credit and budget plans for poor and disabled citizens so that seasonal impact on the cashflow of these households is staggering.

Disabled people have been conserving energy in whatever way they can for the simple reason that they cannot afford not to.

Many, however, are reaching their limit. The next step for many severely disabled citizens is institutionalization. At costs averaging more than $10,000 per person per year, institutionalization for them is unaffordable economically, socially and ethically. Yet it will be unavoidable unless measures are taken to assist severely disabled persons in coping with ever-increasing costs of heating oil and gasoline, and limited employment opportunities. H.R.6619 will help alleviate these maladies by providing funds to severely disabled and elderly people to weatherize their homes, and at the same time provide employment opportunities for many of them.

Thirty-six million Americans are disabled. Of that number, 23.3 million are of working age. Three-fifths of disabled adults of working age are at or near the poverty level. The average annual "income" for disabled persons who are single is $1,600; for married disabled individuals, the figure is $6,000. These totals include not only the earned income of the severely disabled person but also the contributions of others living in the household (notably those of non-disabled spouses in the case of married individuals,) insurance benefits, annuities and income-maintenance monies. The majority of these people lack sufficient education, training, or both, necessary to make themselves employable. They have been relegated to a life of dependency rather than independence.

Turning disabled persons from dependents to tax-payers will contribute markedly to a lessening of both inflation and recession. With millions of severely disabled people out of work, almost all of whom are on some governmental assistance programs, the cost to the federal government alone is $40 billion annually. This is $1 out of every $13 in the federal budget. Lowering these costs, while increasing tax revenues through income and payroll taxes, will help cut government spending, and through that, reduce inflation. Enhanced employment will help control the recession by increasing productivity and stimulating spending, savings and investment among millions of disabled people.

The conditions described above, Mr. Chairman and Members of the Committee, demonstrate the need for H.R.6619. More specifically, the following reasons fully justify our endorsement for the prompt enactment of this legislation. H.R.6619 will:

1) Allocate income for weatherization to disabled people which will enable them to insulate their dwellings against the cruelties of winter: high winds, drafts, extreme cold, leakage.
2) Protect the health of disabled people, thereby reducing the further burden of health-care expenditures: medicine, doctor visits, hospitalization.
3) Raise the standard of living of disabled persons, thereby allowing them to spend less on heating costs and more on other necessities of life such as food.
4) Provide for crisis intervention assistance to alleviate the threat to the health and well-being of disabled persons.

5) Promote and encourage employment and enterprising development opportunities for severely disabled individuals in the fields of energy conservation and alternative energy development.
6) Require the development of educational programs which will assist severely disabled individuals in adopting sound conservation practices which will maximize their benefits achieved through conservation and the use of alternative energy sources.
7) Lessen the consumption of foreign and domestic energy supplies by undertaking a comprehensive initiative to weatherize and make energy efficient the dwellings of severely disabled persons.

If enacted into law, we believe that this proposed legislation will have an extremely beneficial effect not only on the lives of this nation's disabled and elderly population, but on the life of this nation as a whole.

Thank you Mr. Chairman and Members of the Committee for this opportunity to testify on behalf of H.R.6619. Our comments reflect the views and concerns of disabled and elderly persons throughout the nation.

State of Maine
Executive Department
Division of Community Services
Augusta, Maine 04333

JOSEPH E. BRENNAN
GOVERNOR

TIMOTHY P. WILSON
DIRECTOR

MAR 3 1 1980

March 28, 1980

Honorable Ike Andrews, Chairman
Subcommittee on Human Resources,
U.S. House of Representatives
Room 2178, Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Andrews,

During my presentation to the House Subcommittee on Human Resources on March 26, 1980, the subject of the need to rehabilitate homes of certain elderly and other low-income persons was brought up. During the ensuing discussion, I had suggested amending HR. 6619 to allow States to provide rehabilitation assistance needed to make weatherization work cost effective.

Enclosed with this letter are some materials describing Maine's successful demonstration project for Housing Rehabilitation. This project is the model I had in mind when proposing the amendment to H.R. 6619. I would appreciate it if this material could be included in the Committee Report of the March 26 hearing.

If you would like any additional information, please let me know. Thank you again for the opportunity to appear before the Subcommittee.

Sincerely,

Timothy P. Wilson
by

Timothy P. Wilson
Executive Director

Enclosures

cc: John Dean, Room 3583 House Office Building, Annex #2
Susan Farnsworth, Legal Advisor, DCS
Philip Gregory, Dir. of Maine Housing Rehab Project, DCS

MAINE HOUSING REHABILITATION PROJECT
BACKGROUND MATERIALS SUBMITTED TO:
U.S. HOUSE OF REPRESENTATIVES
SUB-COMMITTEE ON HUMAN RESOURCES
BY: THE MAINE DIVISION OF COMMUNITY SERVICES
MARCH, 1980

SUMMARY:

The attached has been excerpted from previously written reports and funding proposals.

The Maine Housing Rehabilitation (Rehab Tech) Project provides a linkage between the Department of Energy's Weatherization Program and all other available sources of home repair.

Rehab Techs working out of Community Action Agencies provide individualized assistance to weatherization applicants, as well as other applicants, needing home repairs. This linkage of programs and agencies has accomplished the following:

1. Enabled the Weatherization Program in Maine to be cost effective by making possible the weatherization of previously substandard housing units.
2. The utilization of Federal, State and private sector dollars to positively impact local economies via contractors and suppliers.
3. Raised the conciousness of numerous municipal officials about a methodology for combining housing rehabilitation with weatherization activities.
4. Assisted over 2500 individuals secure safe, decent, and energy efficient housing.

The State of Maine has a significant number of substandard housing units, most of which are occupied by low-income and DOE Weatherization eligible applicants. The degree of repairs needed by these homes exceeds by far the allowable repair expenditure limitations contained within the current DOE Program Regulations. On the other hand, there are numerous alternative sources of home repair that previous to the Rehab Tech Project had been underutilized.

The cost effectiveness of this outreach and linkage methodology is in itself worthy of note. For example; the Rehab Tech Project in 1979 was administered with a $200,000 Grant from HUD. The Rehab Techs secured $4,447,749 in loans and grants. Dividing the project's administration cost into repair dollars leveraged, we found that for every $1.00 invested in salaries, travel and, other costs, $18.68 was returned in the form of loans and grants. We believe that this methodology can be applied to other areas as well and considering the current fiscal austerity, this may be the one method that assures continued program effectiveness during a time of budget reductions.

Excerpted from a funding proposal
submitted to the New England Regional
Commission, December 1979

DETAIL:

Inadequate or incomplete plumbing facilities and drafty, cold energy guzzling homes are all subsets of the housing problem. The goals of Weatherization Programs, Energy Conservation Awareness and Preferential Utility Rates will not be realized until the sub standard housing conditions of the low-income and elderly are adequately addressed.

There are already existing home repair funds. However, the complexity of the regulations, the time consuming application process and the inordinate amount of paper work discourage the individual from applying. In addition, funding formulas for the distribution of Federal Funds to the states are not based on local need but rather they are based upon equations that fail to allow for regional differneces. For example: only 18% of HUD Community Development Block Grant Program Funds actually reached the low-income. Only 8.8% of Farmers Home funds reach the low-income. In addition, in F.Y. 79 HUD's Section 8 Subsidized Rental Housing Program achieved only 54% of its goal and Farmer's Home returned $9.3 million of its $19 million 504 Loan appropriation. Obviously present funding formula and program complexity tend to exacerbate the housing situation. Efforts to weatherize homes in New England have been stymied by unrealistic 'repair' limitations contained in the DOE Weatherization Program Regulations. It has been demonstrated that the worst housing requires as much as $4.00 in repair monies for every $1.00 expended in Weatherization Funds.

The 2 year demonstration project conducted in Maine assisted 2251 applicants representing over 5,000 people secure over $5.8 million dollars in Home Repair Loans and Grants. This represents a cost to benefit ratio of $12.18 returned for every $1.00 in salary and administration costs.

Therefore, it can be conservatively estimated that $10 million in housing monies will be invested in the region's local economy through this project.

Resources utilized in the Maine demonstration included, Farmer's Home, HUD Community Development, Veteran's Administration, Municipal Resources and local banks. Thus, it has been demonstrated that this 'leveraging' concept is applicable in urban as well as rural areas.

Data accumulated during the two year demonstration shows that 90% of all leveraged funds went into the local economy via contractors and suppliers.

This proposal recommends that a Regional Housing Rehabilitation Program be funded initially by NERCOM. The costs for such a program would be approximately 1.5 million dollars and be administered by a grantee within each state along the same lines as the current Weatherization Program.

The grant administrator in each state would sub contract the Rehab Tech positions out to CAA's or their delegates within the state. The grant administrator will be responsible for training, program coordination, fiscal administration and represent a state's perspective in communicating with Home Repair Funding Agencies.

Rehab Techs working with all available resources will be responsible for securing loans or grants to make repairs. These repairs, will make energy conservation measures possible, they will also deal with the entire spectrum of repairs necessary to remove health and safety hazards. The initial linkage will be with the current Weatherization Project in order to make possible the weatherization of the worst homes. This program linkage will provide greater utilization of existing weatherization funds and allow installation crews to completely treat infiltration and insulation needs.

Each Rehab Technician will become familiar with the entire Weatherization process thereby developing a thorough understanding of the purpose and benefits of this program integration. Combined workshops and other training sessions will be held in combination with weatherization personnel.

Training will also include:

1. Regulations and procedures for each of the funding sources in order to:
   - A. Complete applications for loans or grants
   - B. Determine client eligibility
2. Inspection Procedures For:
   - A. Determining actual needs to remove health and safety hazards, i.e.; septic systems, plumbing, wiring, rotted sills, leaking roofs, etc.
   - B. Compliance with construction standards as required by the funding source--generally HUD minimum property standards.
3. Construction Practices To:
   - A. Determine legitimacy of work and costs outlined in contractor's proposals.
4. HUD Community Development Regulations In Order To:
   - A. Provide technical assistance to municipal officials when requested.
5. All Other Available Resources In Order To:
   - A. Provide a more complete and cost effective service to their clients.

Section II

INTRODUCTION:

Community Action Programs throughout New England have in the past, and are presently, delivering a wide range of services within and without the housing/energy arena. These services include Transportation, Nutrition, Head Start, Food Stamps and, Nutrition Education to name a few.

With Core Grants from the Community Services Administration in Washington, Community Action Agencies have been in the forefront of advocating and delivering services to the low-income and elderly ever since the early 1960's. The experience and skills developed by these agencies has resulted in a broad level of acceptance and and building of a delivery network capable of administering various National programs on a local level such as the Emergency Energy Program (Crisis Intervention) and the Department of Energy National Weatherization Programs.

Community Action Agencies throughout New England have been delivering weatherization services to the low-income and elderly since 1975. With primary funding through CETA and NERCOM they have hired and trained estimators, crew leaders and installers.

During this period of time, the National Weatherization Program has been transferred from the Community Services Administration to the Department of Energy. Despite the more liberal repair regulations of CSA, Community Action Agencies have never been able to adequately weatherize all of the homes they have contacted.

Each state, through the CAP Agencies, has adopted a number of different policies in regard to the issue of repairs. The policies range from working around the areas needing repair to not servicing the structures at all.

Furthermore, because of their experience in delivering a wide variety of programs over the past 15 years and, because they are currently delivering Weatherization and Crisis Intervention Services, it is felt that the placement of a Rehab Tech in each CAA would be cost effective due to their existing outreach and delivery networks.

best copy available

Section III

PROBLEM STATEMENT:

The national goal of a "decent home and suitable living environment for all Americans" as stated in the Housing Act of 1949 is becoming more and more unobtainable for low-income persons residing in New England.

The existing housing stock in New England is among the oldest in the country. Much of it is substandard, lacking adequate plumbing and heating facilities, and almost certainly lacking adequate weatherization to combat the long, cold winter months. Substandard housing is usually associated with and characteristic of being low-income. Housing costs take a larger proportion of the low-income and elderly persons budget than anyone elses. Low-income people living in substandard, inadequately weatherized units find their energy bills soaring.

Currently operating within each New England State is the National Low-Income energy conservation program known as Weatherization. It involves the installation of insulation in attics and walls, the installation of storm windows, storm doors and banking, and those minor home repairs such as replacement of window glass, caulking of cracks, etc. which would effect energy conservation of low-income families' homes.

The program, has to date, weatherized more than 25,000 houses in New England through CETA-funded work forces within Community Action Agencies in each New England State. It is, however, severely limited in the types of repairs it can accomplish. Work crews are forced to ignore such necessary home repairs as unsafe chimneys, leaking roofs, rotted sills, and faulty heating devices. According to a report prepared in February 1979 by the New England Community Action Program Directors Association, 90% of the homes weatherized need significant repairs in addition to weatherization.

Following is a state by state breakdown of the Substandard Housing Indicators and the number of Weatherization Applicants needing substantial home repairs before weatherization efforts can proceed.

STATE	# of Substandard Housing Units	Percent	1979 Goal for Weatherization	Units Needing Repairs	Percent
Conn.	52,272	5.4	3000	1140	38
R.I.	22,644	7.4	847	298	35
Mass.	52,994	6.6	6713	2215	33
N.H.	23,439	8.6	2900	1073	37
Me.	41,800	11.2	3600	1512	42
Vt.	28,903	34.	1800	792	44
Region	290,234	12.2	18860	7030	37

(Compiled by Maine DCS from data submitted by N.E. States. Substandard is defined as follows:

Any unit needing more than one major repair or any unit lacking complete plumbing. Overcrowding is not used as a measurement as this is an indicator of adequacy. Major repairs involve repair or replacement of the following: roofs, chimneys, heating systems, foundations, electrical, side walls or other structural components related to health and/or safety.)

The above chart indicates the following:

- A significant number of homes needing weatherization also need substantial repairs.
- Weatherization eligibility criteria dictates that low-income and elderly be serviced, however, due to repair limitations of this

program, weatherization materials installed in these homes are not cost effective and hence is not consistent with the Region's energy conservation goals.

Based on the above, the following may be assumed:

- Because the DOE Income Eligibility cut off point is 125% of the poverty level, many elderly on fixed income and many working low-income are prediuded from participating in the Weatherization Program.
- It has been shown repeatedly that substandard housing is occuppied by the elderly and low-income family, this same segment of the population is paying a disproportionate share of their income for energy. Therefore, a significant portion of the weatherization target population will not realize savings from energy conservation no matter how much weatherization material is installed in their homes unless other essential repairs are made. In Maine, for example, 41,900 housing units are substandard. 42% of 1979's weatherization target (1512) out of 3600) needs substantial repairs, if that percentage remains constant for the balance of the substandard units then 18,018 homes throughout the state cannot be weatherized effectively.

In addition, because of the recent drastic increases in home heating fuel prices, many low-income families are turning to wood as a home heating fuel alternative or supplement. Because of past dependence upon oil. gas and, electricity the knowledge of proper installation and other safety requirements has been either forgotten or never learned.

Combined with the shrinking disposable dollar, efforts by low-income families to make this conversion will not be done safely. Due to shortcuts in installation and improper connections, there will be a rash of wood stove related house fires.

There are adequate federal and state funds specifically allocated for the housing repair needs of elderly and low-income persons. However, these programs are underutilized, with the result that millions of dollars are returned unused to the National Treasury each year.

Only 8.8% of Farmers Home Administration funds serve low-income families. As of August, 1979 the Farmers Home Administration had committed only $10.7 million out of $24 million available for their low-income home repair loan program. A study by the Brookings Institution on the HUD Community Development Block Grant program shows that only 18% of this program's resources actually reach the low-income.

Both HUD and FmHA have acknowledged that they lack the outreach capability to bring their programs to the people most in need of assistance. Without an effective outreach system with trained personnel to bring the programs to the low-income, these programs will continue to be administered with the current lack of imagination in existence today.

Section IV

METHODOLOGY:

The methodology proposed for this program is based on one that has been developed in Maine over the past 34 months using outreach capabilities of the State's Community Action Agencies. In terms of dollars leveraged by the Community Action outreach workers, hereafter referred to as Rehabiliation Technicians or "Rehab-Techs", over 5.8 million dollars in the form of individual loans and grants averaging $2,578 have been leveraged to effect home repairs in conjunction with weatherization. According to the administrator of the statewide program, the Maine Division of Community Services, when the program began in 1977, the CAA's in Maine were delivering little in the way of home rehabiliation programs aside from weatherization. Today every CAA in the state has a viable housing delivery mechanism that has put this state in the forefront of innovative housing programs.

Replication of Maine's program on a regional basis would include the following on the state level:

- The Grant Administrator in each state will subcontract with the Community Action Agencies within their respective states.
- They will grant $18,000.00 for each Rehab Tech position in each CAA. The 18,000.00 will cover salary, fringe, mileage, perdiem, telephone and other administrative costs.

The "rehab-techs", working primarily with available resources, will be responsible for securing loans or grants to make repairs that could not otherwise be made under the terms of the Weatherization Program. These repairs, however, will not be limited to making energy conservation measures possible, rather, they will deal with the entire spectrum of repairs necessary to remove health and safety hazards.

Specifically, the "rehab-techs" placed in each CAA in New England would work primarily with Farmers Home Administration and the Department of Housing and Urban Development. They would provide the following services for the low-income applicants:

1. Assess the needs of the homeowner
2. Establish the eligibility for assistance through all available home repair funding sources
3. Review contractors bids for work to be performed
4. Prepare applications and other required program documents including building or other applicable municipal and state permits
5. Coordinate other needed resources, such as Weatherization, that lie outside of specific FmHA or HUD program authority
6. When needed on behalf of the applicant, meet with funding program officials to discuss the application
7. Inspect the work being performed to assure conformity with the work write up and compliance with all applicable building codes
8. Notify the appropriate authorities for final inspection upon completion of work

The "rehab-techs" would be hired based on the following criteria:

1. Previous experience in renovation and repair of housing structures; ability to assess structural damage and costs of repair; capability or experience in the purchasing of building materials; and used in dealing with building material suppliers and contractors.
2. Previous experience or demonstrated ability for effectively communicating with and aiding low-income persons, particularly with respect to financial matters.

3. Previous experience or demonstrated ability for working with local, state, and federal agencies and regulations.
4. Demonstrated ability for organizing and coordinating activities toward a specified end.

Excerpted from Phase II Final Report
of the Maine Housing Rehabilitation Project
for the period June 12, 1978 to June 11, 1979

SECTION II

INTRODUCTION:

THE PURPOSE OF THE MAINE HOUSING REHABILITATION PROJECT - PHASE II WAS TO CONTINUE THE ACTIVITIES OF THE HOUSING REHABILITATION TECHNICIANS (REHAB TECHS) BEGUN DURING IPP GRANT B-76-SI-23-0001.

THAT PROJECT, WHICH ENDED AS A DEMONSTRATION ON MARCH 31, 1978, SUCCESSFULLY DEMONSTRATED THAT THE COMMUNITY ACTION AGENCIES (CAA'S) IN MAINE COULD ACT AS CATALYSTS, LIAISONS, AND COORDINATORS IN PROMOTING THE USE OF A VARIETY OF EXISTING HOUSING REPAIR FUNDING SOURCES. DURING THE DEMONSTRATION PERIOD 928 HOUSES WERE SUBSTANTIALLY UPGRADED THROUGH THE CREATION OF A JOB SLOT KNOWN AS A HOUSING REHABILITATION TECHNICIAN IN EACH OF THE CAA'S. THESE REHAB TECHS MADE PRINCIPLE USE OF THE FmHA SECTION 504 GRANT AND LOAN PROGRAM AND MESHED THEM WITH NINE OTHER REPAIR PROGRAMS.

AT THE END OF THE DEMONSTRATION MORE THAN $1,552,855.00 IN HOME REPAIR LOANS AND GRANTS HAD BEEN APPROVED AND MORE THAN $500,000. HAD ALSO BEEN APPROVED BUT WERE AWAITING FUNDS.

THIS SECOND PHASE OF THE PROJECT WAS TO SEE THAT THESE GRANTS AND LOANS WERE FUNDED AND TO CONTINUE TO GENERATE FURTHER HOME REPAIR GRANTS AND LOANS.

SECTION III

IMPLEMENTATION:

UPON THE SUBMISSION OF THEIR BUDGETS TO THE DIVISION AS PART OF THEIR SUB GRANT AGREEMENTS, THE CAAs ADVERTISED, INTERVIEWED AND HIRED THE REHAB TECHS BASED UPON THE FOLLOWING QUALIFICATIONS;

1. PREVIOUS EXPERIENCE IN THE RENOVATION AND REPAIR OF HOUSING STRUCTURES, ABILITY TO ASSESS STRUCTURAL DAMAGE AND COSTS OF REPAIR, CAPABILITY OR EXPERIENCE IN PURCHASING OF BUILDING MATERIALS AND IN DEALING WITH BUILDING MATERIAL SUPPLIERS AND CONTRACTORS.
2. PREVIOUS EXPERIENCE OR DEMONSTRATED ABILITY FOR EFFECTIVELY COMMUNICATING WITH AND AIDING LOW-INCOME PERSONS, PARTICULARLY WITH RESPECT TO FINANCIAL MATTERS.
3. PREVIOUS EXPERIENCE OR DEMONSTRATED ABILITY FOR WORKING WITH LOCAL, STATE AND FEDERAL AGENCIES AND REGULATIONS.
4. DEMONSTRATED ABILITY FOR ORGANIZING AND COORDINATING ACTIVITIES TOWARD A SPECIFIC END.

TRAINING:

WORKSHOPS WERE ORGANIZED AND CONDUCTED BY THE DIVISION IN COOPERATION WITH THE VARIOUS FEDERAL AND STATE HOME REPAIR FUNDING AGENCIES AND STATE REGULATORY AGENCIES

1. JUNE, 1978 - FmHA WORKSHOP AT ORONO, MAINE
   A REVIEW OF THE 502 AND 504 PROGRAMS IN THE
   AREAS OF ELIGIBILITY, LOAN AND GRANT LIMITATIONS
   AND APPLICATION PROCEEDURES.
2. JULY, 1978 - DOE WEATHERIZATION WORKSHOP AT HALLOWELL, MAINE
   A REVIEW OF APPROPRIATE REGULATIONS PERTAINING TO ESTIMATES,
   MATERIALS AND QUALITY CONTROL.

3. SEPTEMBER, 1978, WORKSHOP WITH CODE ENFORCEMENT OFFICIALS.

   A REVIEW OF REGULATIONS PERTAINING TO:

   I. SEWERAGE DISPOSAL FACILITIES. REGULATIONS GOVERNING APPLICATION, INSPECTION AND, CONSTRUCTION OF SEPTIC SYSTEMS.

   II. MAINE OILBURNER LICENSING BOARD, INTRODUCTION TO SAFE OILBURNER INSTALLATION, MAINTENANCE AND REVIEW OF THE REGULATIONS.

   III. STATE FIREMARSHALL'S OFFICE, FIRE SAFETY FOR SINGLE AND MULTI-FAMILY DWELLINGS.

   IV. PROCEEDURES FOR WELL DRILLING AND WATER TESTING.

4. OCTOBER, 1978, TRAINING IN PROJECT REPORT FORMS AND DRY WELL SITUATION.

5. APRIL, 1979, REVIEW OF CHANGES IN DOE WEATHERIZATION PROGRAM.

IN ADDITION TO THESE FORMAL WORKSHOPS, MANY REHAB TECHS ALSO ATTENDED HUD SPONSORED C.D. WORKSHOPS, STATE HOUSING AUTHORITY SEMINARS AND ATTENDED GRANT WRITING SEMINARS SPONSORED BY THE UNIVERSITY OF MAINE.

DESCRIPTION OF TASKS:

AFTER TRAINING EACH REHAB TECH ESSENTIALLY PROVIDED OUTREACH TECHNICAL ASSISTANCE TO INDIVIDUALS SEEKING HOME REPAIR LOANS AND GRANTS. THEIR TASKS INCLUDED THE FOLLOWING:

1. INTERVIEWING THE APPLICANT TO DETERMINE
   A. SCOPE OF NEED
   B. PROGRAM ELIGIBILITY
2. ASSISTED IN THE REVIEW OF CONTRACTOR BIDS FOR WORK TO BE PERFORMED

3. COMPLETION AND REVIEW OF APPLICATIONS AND OTHER REQUIRED PROGRAM DOCUMENTS INCLUDING BUILDING OR OTHER APPLICABLE MUNICIPAL AND STATE PERMITS.
4. COORDINATION WITH OTHER NEEDED RESOURCES, SUCH AS WEATHERIZATION, THAT LIE OUTSIDE OF SPECIFIC FmHA OR HUD PROGRAM AUTHORITY.
5. WHEN NEEDED, AND ON BEHALF OF THE CLIENT, MET WITH FUNDING PROGRAM OFFICIALS, SUCH AS FmHA'S COUNTY SUPERVISORS, TO DISCUSS THE APPLICATION(S).
6. INSPECTED THE WORK BEING PERFORMED TO ASSURE CONFORMITY WITH THE WORK WRITE-UP AND COMPLIANCE WITH ALL APPLICABLE BUILDING CODES.
7. NOTIFICATION TO THE APPROPRIATE AUTHORITIES FOR FINAL INSPECTION UPON COMPLETION OF WORK.

EMPHASIS WAS PLACED UPON QUALITY OF CONSTRUCTION OR REPAIRS. THE FINAL DECISION AS TO WHICH CONTRACTOR WAS HIRED WAS MADE BY THE CLIENT. IN SITUATIONS WHERE ELDERLY CLIENTS COULD NOT LOCATE A CONTRACTOR THE REHAB TECHS LOCATED A MINIMUM OF THREE CONTRACTORS FOR THE CLIENT TO CHOOSE FROM AFTER THE COST ESTIMATES FOR REPAIRS WERE MADE.

IN SITUATIONS WHERE THE CLIENT DID HIS OR HER OWN WORK THE REHAB TECH OFTEN PROVIDED TECHNICAL ASSISTANCE IN ORDER FOR THE CLIENT'S WORK TO COMPLY WITH THE APPLICABLE CODES, OFTENTIMES ADVISING CLIENTS OF CODE RELATED APPLICATION REQUIREMENTS.

IN MANY CASES THE REBAH TECH CONDUCTED HIS OR HER INSPECTIONS IN THE COMPANY OF A REPRESENTATIVE OF THE HOME REPAIR FUNDING AGENCY. THE REHAB TECH'S KNOWLEDGE OF THE ELIGIBILITY REQUIREMENTS AND ACCEPTED CONSTRUCTION PRACTICES ENABLED THEM TO MAINTAIN A HIGH DEGREE OF CREDIBILITY WITH THEIR CLIENTS, CONTRACTORS AND HOME REPAIR PROGRAM ADMINISTRATORS WITHIN THE STATE AND

FEDERAL BUREAUCRACIES.

(DATA)

INSPECTION:

BY REHAB TECH	58.4%
BY FmHA	22.5%
BY OTHER	15.8%
NO INSPECTION	3.3%
TOTAL	100. %

SECTION IV

ACCOMPLISHMENTS

SUMMARY:

THE 12 MONTH EXTENSION OF THE M.H.R.P. HAS RESULTED IN THE FOLLOWING: 80% OF ALL APPLICANTS WHO RECEIVED T.A. FROM THE REHAB TECHS RECEIVED FUNDS FOR HOME REPAIRS, 56% OF ALL FUNDS LEVERAGED WERE IN THE FORM OF LOANS. 6% OF THE APPROVED APPLICANTS ARE AWAITING FUNDS. 9.6% OF ALL CLIENTS HOMES THAT HAVE BEEN REPAIRED THROUGH THIS PROJECT ARE STILL IN NEED OR REPAIRS.

1567 CLIENTS HAVE BEEN CONTACTED
1261 HOMES HAVE BEEN REPAIRED
706 LOANS HAVE BEEN MADE
555 GRANTS HAVE BEEN AWARDED
104 APPLICATIONS ARE AWAITING FUNDS
185 LOAN AND/OR GRANT APPLICATIONS HAVE BEEN DENIED.

THIS EXCEEDS THE PROJECTED RESULTS FOUND IN THE GRANT PERFORMANCE WORK PLAN.

DETAIL: CLIENT DATA

REFERRALS: THE MAJORITY OF CLIENTS SERVICED WERE CONTACTED AFTER BEING REFERRED TO THE REHAB TECHS BY THEIR AGENCY'S WEATHERIZATION AND OUTREACH PROGRAMS (A COMBINED TOTAL OF 67% OR 1051 APPLICANTS).

REFERRALS BY SOURCE:

FEDERAL	.0042%
STATE	.001 %
LOCAL	4. %
FmHA	3.3 %
MEDIA	8.3 %
OUTREACH	31.9 %
OTHER AGENCIES	13.7 %
WEATHERIZATION	35.2 %
OTHER	2.7 %
TOTAL	99.11 %

THE AVERAGE CLIENT WAS FEMALE, SEMI-RETIRED RECEIVING SOCIAL SECURITY, MEDICARE AND FOOD STAMPS. THE AVERAGE HOUSEHOLD SIZE WAS 2.73 PERSONS PER UNIT.

TOTAL CLIENTS CONTACTED:	1567	100 %
TOTAL CLIENTS FUNDED	1261	80.4%
TOTAL CLIENTS REJECTED	202	12.8%
TOTAL CLIENTS APPROVED BUT WAITING FUNDS	104	6.6%
TOTALS	1567	99.8%

APPLICANTS:

MALE	43.6%
FEMALE	55.8%
TOTAL	99.4%

AGES OF APPLICANTS:

19-30 YRS	11%
31-50 YRS	27%
51-61 YRS	12%
62 PLUS	49%
TOTAL	99%

MARITAL STATUS:

MARRIED W/DEPENDENTS	34%
MARRIED W/NO DEPENDENTS	13%
SINGLE	37%
SINGLE W/DEPENDENTS	14%
TOTAL	98%

EMPLOYMENT:

LESS THAN 30% WERE REPORTED AS EMPLOYED FULL TIME. 55% WERE REPORTED AS RETIRED.

EMPLOYMENT OF HEAD OF HOUSEHOLD:

FULL TIME	23%
PART TIME	5%
UNEMPLOYED	15%
RETIRED	55%
TOTAL	98%

NORMAL OCCUPATION:

*HOUSEWIFE	29%
MANUFACTURING	23%
FOREST, FARMING AND FISHERIES	13%
HEALTH OR ED.	6%
BUS. OR PROF.	6%
WHOLESALE, RETAIL	3%
GOVERNMENT	3%
OTHER	15%
TOTAL	98%

ASSISTANCE CATEGORY:

AFDC	19%
S.S.I.	12%
FOOD STAMPS	14%
GEN. ASSISTANCE	.003%
DISABILITY PENSION	.03%
MEDICARE	7%
SOCIAL SECURITY	29%
NONE	10%
OTHER	7%
TOTAL	98.33%

---

*Data not normally reported in employment statistics. It should be noted, however, that a majority of applicants shared this category.

HOUSING DATA:

THE AVERAGE HOME WAS OWNER-OCCUPIED, HAD ELECTRICITY, NEEDED ONE OR MORE WATER OR SEWERAGE RELATED REPAIRS, WAS BETWEEN 26-75 YEARS OLD WITH SIX OR MORE ROOMS. IN ADDITION, IT WAS HEATED BY OIL, HAD FULL BASEMENT AND AN ESTIMATED MARKET VALUE BETWEEN $5,001.00 and $14,000.00.

TYPE OF DWELLING:	
HOUSE	82 %
MOBILEHOME	11 %
APARTMENT	5.6%
TOTAL	98.6%

TYPE OF FOUNDATION:	
BASEMENT	63.4%
CONCRETE SLAB	3.6%
OTHER	32.9%
TOTAL	99.9%

TYPE OF HEATING FUEL:	
WOOD	22.6%
FUEL OIL	61.1%
ELECTRICITY	1.7%
COMBINATION	9.0%
OTHER	5.6%
TOTAL	100.0%

VALUE OF THE DWELLING:	
UNDER $5,000	18.2%
$5,001 to 9,999	24.3%
$10,000 to 14,999	24.9%
$15,000 to 24,999	13.8%
$25,000 PLUS	17.1%
TOTAL	98.3%

PLUMBING:	
RUNNING WATER	
NONE	9.1%
COLD ONLY	7.3%
HOT AND COLD*	59.6%
FLUSH TOILET*	58.5%
BATH OR SHOWER	57.0%

ELECTRICITY:	
YES	98.6%
NO	1.3%
TOTAL	99.9%

*40.4% of all homes contacted had no hot and cold water. 41.5% did not have flush toilets.

AGE OF DWELLING:

0-5 YRS	8.4%
6-10	7.4%
11-25	13.9%
26-75	47.9%
76-100	15.2%
101 PLUS	6.8%
TOTAL	99.6%

HOME REPAIR NEEDS:

THE AVERAGE HOME NEEDED WATER, SEWERAGE, ROOF AND STRUCTURAL REPAIRS. REPAIRS WERE FINANCED BY EITHER FmHA OR THROUGH HUD COMMUNITY DEVELOPMENT BLOCK GRANTS. 19.9% OF ALL LOAN FUNDS CAME THROUGH CONVENTIONAL SOURCES SUCH AS BANKS, SAVINGS ASSOCIATIONS AND, CREDIT UNIONS. AFTER ALL INDIVIDUAL LOAN AND/OR GRANT FUNDS HAD BEEN EXPENDED THERE STILL REMAINED A NEED FOR WATER, SEWERAGE AND STRUCTURAL REPAIRS.

REPAIR CATEGORIES:

HEATING REPAIRS	7.5%
PLUMBING	8.7%
SEPTIC	7.8%
WATER SUPPLY	8.0%
ROOF REPAIR	13.1%
STRUCTURAL REPAIR	19.5%
ELECTRICAL	8.3%
WEATHERIZATION*	18.3%
OTHER	8.4%
TOTAL	99.6%

*Indicates patching, chimney and other minor structural repairs costing more than $250.00 but less than $500.00 that are above and beyond the current weatherization list of eligible activities and expenditures. However, all of the listed categories of repair needs relate directly to making weatherization efforts possible and/or effective.

LABOR FOR REPAIRS:

A MAJORITY OF REPAIRS WERE DONE THROUGH THE PRIVATE SECTOR. HOWEVER, CLIENT AND VOLUNTEER LABOR TOTALED 12.1% OR 153 UNITS.

LABOR FOR REPAIRS:	
CETA	30.7%
CLIENT	7.5%
VOLUNTEER	4.6%
PAID	57.0%
TOTAL	99.8%

HOME REPAIR FINANCING:

THE AVERAGE GRANT, INCLUDING HUD SECTION 8 RENTAL SUBSIDIES (FIGURED AT $300 PER MONTH X 12 MONTHS X 8 YEARS) TOTALED $3,350.45. THE AVERAGE LOAN AMOUNT WAS $3,752.01. FmHA REPRESENTED 61.2% OF THE TOTAL LOAN DOLLAR AND 19.8% OF THE TOTAL GRANT DOLLAR.

LOANS --706		GRANTS --555	
FmHA 504	34.7%	FmHA 504	19.8%
FmHA 502 PURCHASE	17.6%	WEATHERIZATION	14.6%
FmHA 502 REHAB	8.9%	CETA	15.4%
HUD - C.D.	12.4%	TITLE XX	6.2%
V.A.	6.3%	HUD - C.D., SEC. 8	9.2%
CONVENTIONAL	19.9%	OTHER*	34.5%
TOTAL	99.8%	TOTAL	99.7%
TOTAL LOAN DOLLARS	$2,082,371.	TOTAL GRANT DOLLARS	$2,365.423.

TOTAL LOANS AND GRANTS FOR PHASE II $4,447,794.
TOTAL COST OF REHAB TECHS $238,000.
COST TO BENEFIT RATIO ($4,447,794. ÷ $238,000.) $18.68/$1.00.

*Represents grant funds from municipalities, material donations from suppliers, fund and material donations from church groups and other civic organizations as well as '05' Funds from several CAP Agencies.

INCOMPLETE REPAIRS:

DUE TO LOAN AND GRANT LIMITATIONS OF HUD COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AND THE FmHA 502 and 504 HOME REPAIR PROGRAMS, 9% (121 APPLICANTS) OF THE TOTAL CASE LOAD NEEDED ADDITIONAL REPAIRS AFTER THE REHAB TECH COMPLETED THE TECHNICAL ASSISTANCE.

THE FOLLOWING CHART SHOWS THE NUMBER OF 'INCOMPLETE' APPLICANTS BY CATEGORY OF REPAIR, TOTAL DOLLARS NEEDED TO ALLEVIATE THE CONDITION AND THE PERCENTAGE OF THE TOTAL DOLLAR NEED AS EXPRESSED BY REPAIR CATEGORY.

REPAIR ITEM	# OF APPLICANTS	INCIDENCE	REPAIR AVG. COST	$ NEEDED	% OF TOTAL $ NEEDED	AVG. COST FOR REPLACEMENT
HEATING	82	17.33	$108.20	$ 8,872.40	6.25	$ 1,200.00
PLUMBING	79	16.7	178.92	14,134.68	9.95	2,000.00
SEPTIC SYSTEM	54	11.4	501.44	27,077.76	19.07	2,800.00
WATER SUPPLY	56	11.8	396.03	22,177.68	15.62	2,200.00
ROOFING	17	3.5	329.47	5,600.99	3.94	986.00
STRUCTURAL	70	14.7	588.74	39,111.80	27.54	N/A
ELECTRICAL	60	12.6	165.42	9,925.20	6.99	790.00
WEATHERIZATION*	31	6.5	223.87	6,939.97	4.88	N/A
Other	24	5.0	337.80	8,107.20	5.71	N/A
TOTALS	473	99.53		$141,947.68	99.95%	

*indicates minor repairs costing under $500.00.

PENDING APPLICATIONS:

AS THE PROGRAM YEAR DREW TO A CLOSE 104 APPROVED APPLICANTS WERE STILL AWAITING FUNDS. THE BREAKDOWN IS AS FOLLOWS:

81.8% OF ALL CLIENTS CONTACTED WERE REFERRED TO RESOURCES OTHER THAN OR IN

ADDITION TO THE FmHA 504 HOME REPAIR PROGRAM. OF THE 9 ALTERNATIVE RESOURCES THE TWO RECEIVING THE MOST REFERRALS WERE WEATHERIZATION AND CETA CREWS.

ALTERNATIVE RESOURCES

PROGRAM	# OF CLIENTS	PERCENTAGE
CETA	156	12.1
TITLE XX	39	3.0
VA	14	1.0
BANKS	93	7.2
HUD C.D. & SEC. 8	90	7.0
FmAH 502 PURCHASE(1)	36	2.8
FmHA 502 REPAIR (1)	39	3.0
WEATHERIZATION	692	53.9
OTHER (2)	124	9.6
TOTALS	1283	99.6

(1)Even though many clients were ineligible or otherwise could not be serviced through the 504 program 5.8% or 75 clients were ultimately referred to other FmHA Housing Programs.

(2)Includes municipal resources, civic and fraternal groups and other CAA Programs such as Crisis Intervention.

WAITING FOR APPROVAL FOR GRANTS - 45, GRANT AVERAGE $3,762.01

TOTAL GRANT FUNDS -- $168,840.45

WAITING FOR APPROVAL FOR LOANS - 59, LOAN AVERAGE $3,350.45

TOTAL LOAN FUNDS -- $197,676.55

TOTAL PENDING APPLICATIONS -- $366,517.00

TOTAL INCOMPLETE REPAIRS -- $141,947.68

TOTAL REPAIR DOLLARS NEEDED: $508,464.68

SECTION V

FINDINGS:

THIS PROJECT HAS BEEN A CATALYST FOR COMMUNITY ACTION AGENCIES, MUNICIPALITIES AND STATE GOVERNMENT TO BECOME MORE AWARE OF THE NEEDS OF 'DECENT, SAFE AND ADEQUATE' HOUSING FOR THE LOW-INCOME AND ELDERLY. IN TURN, THIS HEIGHTENED AWARENESS HAS LED DIRECTLY TO:

I. A GREATER UTILIZATION OF EXISTING HOME REPAIR AND OTHER HOUSING RESOURCES.

II. THE DEVELOPMENT OF ALTERNATIVE RESOURCES FROM WITHIN FEDERAL, STATE AND MUNICIPAL GOVERNMENT AS WELL AS CIVIC RESOURCES SUCH AS CHURCH GROUPS AND FRATERNAL ORGANIZATIONS.

III. GREAT STRIDES BEING TAKEN BY LOCAL FEDERAL HOUSING PROGRAM ADMINISTRATORS IN ELIMINATING VALUE JUDGEMENTS FROM THEIR INTERPRETATIONS OF PROGRAM REGULATIONS.

THE COMBINATION OF A TECHNICAL ASSISTANCE OUTREACH METHODOLOGY AND CREDIBILITY DEVELOPED OVER THE PAST 2 YEARS HAS LED TO A SIGNIFICANT INCREASE IN LOANS FROM BANKS AND OTHER LENDING INSTITUTIONS DURING THE 12 MONTH EXTENSION.

MORE IMPORTANTLY, HOWEVER, UPON ANALYSIS, THE REHAB TECH PROJECT IS RECOGNIZED AS BEING A SIGNIFICANT FACTOR IN CAPACITY DEVELOPMENT FOR LOCAL NON-PROFITS AS WELL AS SMALL MUNICIPALITIES. IN TERMS OF SERVICE DELIVERY, THE OUTREACH MODE OF OF TECHNICAL ASSISTANCE IS RECOGNIZED AS AN EFFECTIVE BUT FLEXIBLE VEHICLE FOR DEALING WITH A STATE-WIDE HOUSING PROBLEM ON A LOCAL LEVEL USING LOCAL CONTROLS AND SOLUTIONS. IT IS BELLIVED THAT THIS SAME METHODOLOGY CAN BE APPLICABLE TO AREAS OUTSIDE OF THE HOUSING ARENA.

CAPACITY DEVELOPMENT:

WHEN THIS PROJECT BEGAN IN FEBRUARY 1977 THERE WERE NO HOUSING SERVICES ASIDE FROM WEATHERIZATION BEING DELIVERED BY THE COMMUNITY ACTION AGENCIES. THE ADVENT OF THE REHAB TECH PROJECT AND THE DISCOVERY OF ELIGIBILITY LIMITATIONS WITHIN THE 502 AND 504 PROGRAMS LED DIRECTLY TO THE DISCOVERY AND UTILIZATION OF NUMEROUS OTHER SOURCES OF HOME REPAIR FUNDS.

THE PROCESS OF 'LEARNING THE REGS' OF THE TWO CHIEF FmHA HOUSING PROGRAMS SERVED AS A CATALYST FOR THE REHAB TECHS AND THE HOUSING PROGRAM COMPONENTS OF THEIR CAA'S, TO APPLY THE LEARNING PROCESS TO OTHER HOME REPAIR PROGRAM AREAS. VISIBILITY GENERATED THROUGH THEIR OUTREACH EFFORTS HAS DEVELOPED WITHIN THE CAA SERVICE AREAS, A RECOGNITION BY MUNICIPAL OFFICIALS OF THE KNOWLEDGE OF THE REHAB TECHS. IN ADDITION TO PROVIDING TECHNICAL ASSISTANCE TO THE MUNICIPALITIES A NUMBER OF REHAB TECHS HAVE ALSO DEVELOPED, AND HAD FUNDED, SEVERAL INNOVATIVE PROPOSALS IN THE HOUSING ARENA.

'INNOVATIVE PROPOSALS': (BY CAP AGENCY)

I - WASHINGTON/HANCOCK CAA - FmHA FUNDED
Energy Efficient Housing

II - AROOSTOOK CAP - COMMUNITY SERVICES ADMINISTRATION (CSA) FUNDED
Youth Training Home Repair Program

III - PENQUIS CAP - DOE FUNDED
Solar Hot Water Demonstration

IV - OXFORD CAA - CSA FUNDED
Rural Housing Institute (Recycled materials for home repairs).

V - KENNEBEC CAP - CSA FUNDED
Water and Sewerage Project

VI - MIDCOAST CAA - CSA FUNDED
Water and Sewerage Project

VII - PROP - CSA FUNDED
Water and Sewerage Project

MUNICIPAL TECHNICAL ASSISTANCE:

BECAUSE OF THE COMPLEXITY OF THE REGULATIONS GOVERNING COMMUNITY DEVELOPMENT APPLICATION PROCEEDURES AND BECAUSE OF THEIR VISIBILITY IN THE COMMUNITY, REHAB TECHS HAVE BEEN REQUESTED BY MUNICIPAL OFFICIALS TO PROVIDE T.A. ON THE REGULATIONS, APPLICATION PROCEEDURES AND OUTREACH TECHNIQUES FOR COMMUNITY DEVELOPMENT PROGRAMS. FOLLOWING IS A LIST OF COMMUNITIES THAT HAVE RECEIVED SUCH ASSISTANCE. THE LETTER (F) IS USED TO INDICATE FUNDED COMMUNITIES AND THE LETTERS (N.F.) INDICATES COMMUNITIES NOT FUNDED.

FARMINGTON	(F)	AUGUSTA	(F)
TEMPLE	(F)	WATERVILLE	(F)
STRONG	(F)	PORTLAND*	(F)
LEWISTON*	(F)	BATH	(F)
RANGELY	(F)	HARTLAND	(N.F.)

*It should be noted that only two municipalities were within SMSA's.

ECONOMIC DEVELOPMENT:

HOUSING ACTIVITIES ARE PRIMARILY ECONOMICALLY ORIENTED AND MUST BE VIEWED IN THAT LIGHT. IF HOUSING EFFORTS ARE TO BE SUCCESSFUL, THEY MUST INCLUDE THE PARTICIPATION OF THE PRIVATE SECTOR.

- $4,218,287. OR 94% OF ALL MONIES 'LEVERAGED' WENT INTO THE PRIVATE SECTOR VIA CONTRACTOR'S LABOR AND REPAIR MATERIAL COSTS. TAXES IN THE FORM OF INCOME AND SALES TOTALED $210,913.00 IN ADDITION, PROPERTY IMPROVEMENTS PERFORMED REPRESENT AN INCREASE IN THE VALUE OF THE MUNICIPAL TAX BASE WITHOUT AN INCREASE IN THE DEMAND FOR MUNICIPAL SERVICES.

THE DISTRIBUTION OF HOME REPAIR DOLLARS IS ESTIMATED AS FOLLOWS: (SEE CHART BELOW)

TOTAL LOANS AND GRANTS $4,447,794.00

WORK PERFORMED BY PRIVATE SECTOR (57%) $2,535,242.00

REPAIR MATERIAL COST (AVG. 65%) $1,647,907.00

TAX ON MATERIALS (5%)----------------------------------$ 82,395.00

TAX ON LABOR (@5%)--------------------------------------44,366.00

TAX DOLLAR SUB TOTAL $126,761.00

WORK PERFORMED BY CAA SPONSORED CETA CREWS: (43%) $1,912,551.

AVG. 12% OVERHEAD---------------------------------229,506.

TAX ON MATERIALS (5% OF $1,683,045.)----------------------$ 84,152.00

TOTAL TAX DOLLAR $210,913.00

TOTAL DOLLARS TO PRIVATE SECTOR - $4,218,287.

DISTRIBUTION OF DOLLARS	$ INTO PRIVATE SECTOR	STATE TREASURY	OVERHEAD FOR CAA
CONTRACTORS	$2,535,242.00		
INCOME TAX		$44,366.00	
MATERIALS*(1)	($1,647,907.00)		
SALES TAX		$82,395.00	
CETA CREWS	$1,912,551.00		$229,506.00
MATERIALS*(2)	$1,683,045.00		
SALES TAX		$84,152.00	
TOTALS	$4,218,287.00	$210,913.00	$229,506.00

*Material (1) is included in total dollar received by contractor
Material (2) is included in total repair dollar expended by CETA Crews.

WEATHERIZATION:

THE LINKAGE BETWEEN THE LOW-INCOME WEATHERIZATION PROGRAM AND THE REHAB TECH PROJECT IS ESSENTIAL IF ALL WEATHERIZATION APPLICANTS ARE TO BE SERVICED. AS THE STATISTICS BELOW WILL INDICATE, THIS LINKAGE HAS ALSO BEEN AN EFFECTIVE ONE.

35%, OR 551 APPLICANTS WHO RECEIVED T.A. THROUGH THIS PROJECT WERE REFERRED BY WEATHERIZATION PROGRAMS.

53.9%, OR 844 APPLICANTS WERE REFERRED TO WEATHERIZATION PROGRAMS BY THE REHAB TECHS. OF THESE 82% (692) WERE SERVICED. THOSE NOT RECEIVING WEATHERIZATION (18% OR 152) EITHER NEEDED REPAIRS COSTING LESS THAN $500, DID NOT OWN THEIR OWN HOMES OR WERE OTHERWISE INELIGIBLE.

36.6% ($367,073) OF THE TOTAL GRANT DOLLAR 'LEVERAGED' BY THE REHAB TECH PROJECT CAME THROUGH WEATHERIZATION. THE AVERAGE WEATHERIZATION GRANT WAS $501.55*.

THE AVERAGE WEATHERIZATION/REPAIR COST WAS $2,470.82 PER UNIT. IN OTHER WORDS FOR EVERY $1.00 EXPENDED IN WEATHERIZATION MATERIALS, $4.92 WAS NEEDED IN REPAIRS.

IN CONCLUSION, THE MAINE HOUSING REHABILITATION PROJECT HAS BEEN A COST EFFECTIVE VEHICLE FOR SECURING 'SAFE, DECENT AND ADEQUATE' HOUSING FOR THE LOW-INCOME AND ELDERLY. IN TWO YEARS IT HAS ASSISTED OVER 5000 PEOPLE WITH MORE THAN $5.8 MILLION IN HOME REPAIR LOANS AND GRANTS. WELL OVER 90% OF ALL FUNDS 'LEVERAGED' WENT INTO THE PRIVATE SECTOR VIA CONTRACTORS AND MATERIAL SUPPLIERS.

IN ADDITION TO FEDERAL, STATE AND, MUNICIPAL RESOURCES, BUDGETARY COUNSELING PROVIDED TO APPLICANTS BY THE REHAB TECHS HAS MADE LENDING INSTITUTIONS MORE WILLING TO SERVICE LOW-INCOME LOAN APPLICANTS.

THE FACT THAT THE PRIVATE SECTOR THROUGH CONTRACTORS, SUPPLIERS AND LENDING INSTITUTIONS BECAME INVOLVED WITH THIS PROJECT INDICATES THE STRONG POTENTIAL OF THIS PROJECT AS AN ECONOMIC DEVELOPMENT ACTIVITY.

---

*This figure exceeds the DOE maximum dwelling unit cost for that period because of the then operating CSA Weatherization Program.

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Slow Progress And Uncertain Energy Savings In Program To Weatherize Low-Income Households

The Department of Energy's Low-Income Weatherization Program could go a long way toward conserving energy and reducing the utility bills of people least able to afford them. However, the program has been hampered by

- a lack of procedures for selecting homes, considering both energy savings and the need to reach low-income people,
- problems in obtaining sufficient labor,
- a lack of emphasis on rental units,
- legal limits on administrative expenses at the local level, and
- inadequate financial management and program monitoring at the Federal, State, and local levels.

This report contains several recommendations to the Department of Energy for improving its management of the weatherization program.

UNITED STATES GENERAL ACCOUNTING OFFICE

EMD-80-59
MAY 15, 1980

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-197845

To the President of the Senate and the
Speaker of the House of Representatives

This report discusses the need to improve the administration and effectiveness of the Department of Energy's low-income weatherization program.

Section 462 of the Energy Conservation and Production Act (42 U.S.C. 6892) requires the Comptroller General to report to the Congress annually for fiscal years 1977, 1978, and 1979 on four Department of Energy Programs--weatherization assistance for low-income persons, State energy conservation plans, energy conservation and renewable-resource obligation guarantees, and national energy conservation and renewable-resource demonstration for existing dwelling units.

This is our second annual report on the weatherization assistance program, and it covers activities during fiscal year 1978. A report on the other three programs for fiscal year 1978 will be issued seperately.

We are sending copies of this report to the Director, Office of Management and Budget, and to the Secretaries of Energy and Labor.

Elmer B. Staats
Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

SLOW PROGRESS AND UNCERTAIN
ENERGY SAVINGS IN PROGRAM TO
WEATHERIZE LOW-INCOME HOUSEHOLDS

D I G E S T

Through fiscal year 1978, the Department of Energy and the Community Services Administration administered nearly identical low-income weatherization programs. In fiscal year 1979, the Community Services Administration program was not funded. The full responsibility for weatherizing the homes of low-income persons to reduce their high utility bills and conserve energy was given to the Department of Energy.

Although about $291 million was provided for operation of the program through fiscal year 1979, the Department of Energy has not estimated energy savings actually achieved, and it has not developed procedures for selecting homes to be weatherized which offer the greatest potential for energy savings and for benefiting low-income persons. Also, the program has experienced problems in securing sufficient labor resources, reporting progress accurately, reaching low-income tenants, assuring sufficient administrative funds, and implementing effective financial management and monitoring systems.

The program, which is authorized by the Energy Conservation and Production Act, is administered on a decentralized basis through the Department's 10 regional offices. Grant funds are provided to the States which, in turn, redistribute the money to local administering agencies for program implementation. (See p. 4.)

The Energy Conservation and Production Act requires the Comptroller General to report to the Congress annually for fiscal years 1977, 1978, and 1979 on the activities being carried out under the weatherization and certain other programs. This is GAO's second annual report on the weatherization program covering fiscal year 1978 and, as required by the act, addresses four aspects of the program:

--Energy savings.

--Program effectiveness.

--Financial controls.

--Compliance monitoring.

Although GAO's review covered program activities in fiscal year 1978, the report contains more current data where it was available.

ENERGY SAVINGS

The extent to which the program is reducing energy costs and consumption is unknown. The Department of Energy plans to estimate and report savings actually achieved about 6 months before the currently authorized program expires. (See p. 7.)

Procedures for selecting homes to be weatherized have not been developed; consequently, homes are being selected without considering whether they will provide the greatest energy savings. (See p. 8.)

IMPEDIMENTS TO PROGRAM PROGRESS AND EFFECTIVENESS

The Department of Energy estimated that about 393,000 homes would be weatherized during fiscal years 1977 and 1978. Only about 96,000 homes were reported by the Department of Energy as weatherized through December 31, 1978. This figure, however, is overstated because of reporting errors. Program progress and effectiveness have been hampered by (1) problems in obtaining sufficient labor, (2) lack of emphasis on rental units where half of the low-income population lives, and (3) legal limits on the amount States and local administering agencies can spend on administrative expenses.

The total of 96,000 homes reported by the Department of Energy as weatherized through December 31, 1978, is overstated by an unknown amount because it includes homes weatherized under the Community Services Administration's program. The single progress reporting form used does not require enough detailed data to determine the number of homes weatherized under each program. (See p. 14.)

Program progress has been slowed by difficulties in obtaining sufficient labor resources through the Comprehensive Employment and Training Act, administered by the Department of Labor. Until recently, Department of Energy regulations have required the exclusive use of labor from this source. (See pp. 16 to 21.)

Comprehensive Employment and Training Act sponsors at the local level have the authority to decide for what purposes they will use available funds, and the Department of Labor is precluded from disapproving a sponsor's plan based on the percentage of funds it devotes to various allowable activities. In many instances sponsors have placed very little emphasis on assigning workers to local weatherization projects; instead they have given preference to allocating public service jobs to their own projects. The Community Services Administration experienced similar labor problems in its weatherization program.

The Departments of Energy and Labor and the Community Services Administration were working together to identify and correct labor problems and thereby improve program progress.

A joint plan of action was recently developed whereby the Department of Energy would grant waivers permitting use of weatherization funds to pay for labor costs where labor shortages can be documented. The success of this effort will be influenced by (1) how well the Departments of Energy and Labor monitor the labor situation and take steps to resolve problems and (2) the impact that using funds for labor will have on fund availability for weatherization materials and other program costs. (See p. 21.)

Neither the authorizing legislation nor program regulations require the weatherization of rental dwellings. Although almost 50 percent of the low-income homes in the United States are rental units, few such units are planned to be weatherized. In many cases landlords are reluctant to sign agreements required by the Department of Energy to assure that tenants will benefit from weatherization work. (See pp. 22 and 23.)

The Department of Energy is testing various techniques to obtain landlord agreements. Nevertheless, GAO believes more emphasis needs to be placed on providing program benefits to occupants of rental units.

In response to requirements in the Energy Conservation and Production Act and the National Energy Conservation and Policy Act, the Department of Energy has restricted overall administrative expenditures to 10 percent of each State's grant. State and local administering agency officials complained that this allowance is not sufficient to effectively implement the program. (See pp. 24 and 25.)

FINANCIAL MANAGEMENT AND PROGRAM MONITORING PROBLEMS

Many local administering agencies reviewed by GAO and Department of Energy auditors were not maintaining adequate accounting and inventory systems and were not spending grant monies in accordance with the program regulations. (See p. 28.)

The States are responsible for monitoring local agencies and providing accurate financial status reports to the Department of Energy. Most State offices GAO visited did not monitor the local agencies' financial management systems so that the Department of Energy could identify and correct accounting, inventory, unallowable expenditure, and reporting problems. (See p. 32.)

The ability of the Department of Energy's regional offices to obtain assurances that problems with financial management and reporting are identified has been limited by a lack of permanent monitoring personnel. GAO believes that the Department of Energy should depend primarily on the States to monitor local agencies. GAO further believes that the Department of Energy should improve its monitoring of the States. (See p. 35.)

RECOMMENDATIONS

The Secretary of Energy should implement program regulations that will require local agencies to select homes to be weatherized from priority lists, after considering both the magnitude of potential energy savings and the need to reach low-income people.

GAO also recommends that the Secretaries of Energy and Labor continue to monitor the labor situation and periodically assess the effectiveness of their efforts. The Department of Energy should grant waivers permitting weatherization funds to pay for labor costs only after (1) all reasonable efforts to obtain labor resources have been exhausted and (2) it determines that denial of a waiver will cause weatherization funds to remain idle.

The Secretary of Energy should also

- --revise the progress reporting system to ensure that the total number of homes weatherized under the Department's and the Community Services Administration's programs are identified and reported accurately;

--instruct the Department's regional offices, the States, and the local administering agencies to place more emphasis on providing program benefits to occupants of rental units;

--closely monitor the adequacy of administrative funds and, if problems continue, ask the Congress to relax the 10-percent limitation; and

--design a monitoring system to provide the Department with assurances that States' monitoring of local agencies is adequate and identifies and corrects any unallowable expenditures, and accounting, reporting, and inventory problems.

AGENCY COMMENTS

The Department of Energy agreed with all of GAO's recommendations except for requiring local agencies to select homes considering both energy savings potential and the need to reach the low-income target population. The Department of Energy stated that many local agencies had established priority lists on the basis of need and that selecting homes to be weatherized primarily on the basis of potential energy savings ignores the human welfare aspects of the program. It also indicated it would not be feasible to conduct a thorough energy audit of each dwelling unit in order to establish a ranking system.

GAO is not suggesting that the human welfare aspects of the program be ignored. Nor does GAO imply that maximum energy savings should be the program's primary goal. GAO is suggesting, however, that because one of the main purposes of the program is to conserve energy, the Department of Energy should develop criteria and procedures that will give some degree of emphasis to this goal in selecting homes to be weatherized.

The Department of Labor also concurred in GAO's recommendation to continue monitoring the labor situation and on granting waivers permitting weatherization funds to pay for labor costs.

RECENT CONGRESSIONAL ACTION

The Senate passed on February 28, 1980, S. 1725 which would, among other things, reestablish within the Community Services Administration a program to provide low-income and near-poor individuals and families with weatherization services. The House is considering two similar bills (H.R. 6136 and H.R. 6619). The proposed weatherization program would be similar to the existing weatherization program being conducted by the Department of Energy.

In past reports on the weatherization programs administered by the Department of Energy and the Community Services Administration, GAO recommended that the two programs be consolidated and administered by the Department. GAO has also taken the position that it is desirable to place energy functions in one agency having overall energy responsibility, rather than either place the functions in one or more agencies with no basic energy responsibility, or scatter energy responsibilities among several agencies. This would ensure that energy functions receive proper priority within a single department and compete better for funds through the fund approval process.

GAO continues to believe that the low-income weatherization program should be under the direction of the Department of Energy.

CHAPTER 1

INTRODUCTION

This report discusses the administration and implementation of the Department of Energy's (DOE's) weatherization assistance program for low-income persons. 1/ Title IV of the Energy Conservation and Production Act (ECPA), Public Law 94-385, as amended, authorizes $585 million through fiscal year 1980 to help weatherize the dwellings of low-income persons. The purpose of DOE's weatherization assistance program for low-income persons is to achieve a prescribed level of insulation in the dwellings of low-income persons, particularly the elderly and handicapped, to attain the maximum practicable energy conservation in their homes, and to aid those persons least able to afford higher utility or fuel costs. It is estimated that there are about 10 million low-income dwellings in the Nation.

To accomplish these goals, DOE's program regulations allow numerous weatherization measures. These measures include repairing broken windows; caulking around windows; weatherstripping windows and doors; installing storm windows and doors; and insulating attics, floors, and walls.

Title IV of ECPA authorizes four programs to encourage the implementation of energy conservation and renewable-resource energy measures in dwelling units, nonresidential buildings, and industrial plants. The programs authorized are

--supplemental State energy conservation plans,

--weatherization assistance for low-income persons,

--energy conservation and renewable-resource obligation guarantees, and

--national energy conservation and renewable-resource demonstration for existing dwelling units.

Section 462 of ECPA requires the Comptroller General to report to the Congress annually for fiscal years 1977, 1978, and 1979 on the activities being carried out under these programs. This is our second annual report on the weatherization assistance program, and it generally covers activities

---

1/Low-income is currently defined by the National Energy Conservation Policy Act (NEPCA), Public Law 95-619, as at or below 125 percent of the poverty level determined in accordance with criteria established by the Director, Office of Management and Budget.

during fiscal year 1978. 1/ In certain instances, we have updated data to indicate the current situation. As required by ECPA, we reviewed four aspects of the program:

--Energy savings.

--Program effectiveness.

--Financial controls.

--Compliance monitoring.

COMMUNITY SERVICES ADMINISTRATION WEATHERIZATION PROGRAM

Until fiscal year 1979, the Federal Government funded two low-income weatherization programs--one administered by DOE and the other by the Community Services Administration (CSA).

Prior to our first annual report on DOE's program, we issued a report which discussed complications encountered by CSA and DOE in operating parallel home weatherization programs for low-income families. 2/ In our report on CSA's weatherzation program, we noted several problems in the administration of the CSA program, including

--difficulties in obtaining workcrews from Federal manpower programs and volunteers due to weaknesses in Federal planning efforts;

--exclusion of rental dwellings in favor of single-family homeowners; and

--weaknesses in CSA guidance, monitoring, and reporting which contributed to problems in identifying how many have been helped, to what extent they were helped, and how much energy had been conserved.

The report on CSA's program and our first annual report on DOE's program recommended that the Congress consider placing full responsibility for low-income home weatherization

---

1/The first report covered fiscal year 1977. It was entitled, "Evaluation of Four Energy Conservation Programs--Fiscal Year 1977," EMD-78-81, Nov. 21, 1978. Our report on the other three programs for fiscal year 1978 will be issued separately.

2/"Complications in Implementing Home Weatherization Programs for the Poor," HRD-78-149, Aug. 2, 1978.

in DOE. DOE and the Office of Management and Budget (OMB) agreed with our recommendations. The Congress appropriated all weatherization funds requested in the President's fiscal year 1979 budget to DOE.

However, legislation has been proposed which would reestablish the CSA program.

Recent congressional action to reestablish a program at CSA

In the current session of the Congress, legislation is being considered to reestablish a low-income weatherization program within CSA. The Senate passed on February 28, 1980, S. 1725 the "Economic Opportunity Amendments of 1980." The bill would, among other things, establish within CSA a program to provide low-income and near poor individuals and families with weatherization services. The House is considering similar bills (H.R. 6136 and H.R. 6619).

The Senate bill states that it is the intention of the Congress that only one Federal agency carry out the administration of any weatherization program for low-income persons. The bill further states that the President shall recommend which authorized program should be implemented.

In prior reports on the DOE and CSA weatherization programs, 1/ we recommended that the DOE and CSA weatherization programs be consolidated and administered by DOE. We have historically taken the position that it is desirable to place energy functions in one agency with overall energy responsibility, rather than to place the functions in one or more agencies with no basic energy responsibility, or scatter energy responsibilities among several agencies. 2/ This would ensure that energy functions receive proper priority within a single department and compete better for funds through the fund approval process (the Congress and the Office of Management and Budget).

1/"Evaluation of Four Energy Conservation Programs--Fiscal Year 1977", EMD-78-81, Nov. 21, 1978; and "Complications in Implementing Home Weatherization Programs for the Poor," HRD-78-149, Aug. 2, 1978.

2/"Energy Policy Decisionmaking, Organization, and National Energy Goals,' EMD-77-31, Mar. 24, 1977; and "Evaluation of Four Energy Conservation Programs--Fiscal year 1977," EMD-78-81, Nov 21, 1978.

The proposed weatherization program would be similar to the existing weatherization program being conducted by DOE. The DOE program is currently authorized only through fiscal year 1980. However, the President's fiscal year 1981 budget is asking for almost $200 million to continue the program in DOE.

If the program is established at CSA in fiscal year 1981, and the DOE program is discontinued, we believe the loss of program continuity and delays could adversely affect program progress. Both the Senate and House versions of the bill permit up to 120 days between its enactment and publication of program regulations. In addition, both bills provide that if a State does not submit a plan or application within 120 days after final regulations are prescribed, the local administering agencies may do so. These types of time frames are indicative of the delays which we believe may occur in program implementation as administrators familiarize themselves with the new program. Such delays will also mean that needed energy-conserving actions are not taken as quickly as they might be. Also, we have found that many of the problems in the administration of both the DOE and CSA weatherization programs originated at community action agencies at the local level. These same community actions agencies administered both the DOE and CSA programs and will continue to do so regardless of which Federal agency is the source of funding.

In a letter to the Chairman, House Committee on Interstate and Foreign Commerce (EMD-80-84, Mar. 21, 1980) commenting on H.R. 6136 and H.R. 6619, we stated that for the reasons discussed above we continue to believe that the low-income weatherization program should be under the direction of DOE.

PROGRAM IMPLEMENTATION AND ADMINISTRATION

The weatherization program is carried out by granting funds to the States and the District of Columbia which, in turn, redistribute funds to local governments, Native American tribes, and community action agencies 1/ for program implementation. In this report, these entities are refered to as local administering agencies (LAAs).

1/Private corporations or public agencies established pursuant to the Economic Opportunity Act of 1964 (Public Law 88-452), which are authorized to administer funds received from Federal, State, local, or private funding entities to assess, design, operate, finance, and oversee antipoverty programs.

The program is administered on a decentralized basis through the 10 DOE regional offices. DOE headquarters is responsible for establishing program development and implementation regulations, providing technical assistance to DOE regional offices, and reviewing and evaluating information received from the regions to ensure effective and uniform program implementation.

The DOE regional offices are responsible for reviewing and approving annual weatherization applications, awarding grants, monitoring and evaluating the operation of the program, and reporting to DOE headquarters.

Each State is responsible for developing its own weatherization program, monitoring program implementation by the LAAs, and reporting regularly to its respective DOE regional office in accordance with program regulations. To receive funding, each State must annually submit to its respective DOE regional office an application containing, among other things,

--the name of the organization responsible for administering the program;

--the proposed budget for the program including amount and source of funds;

--the total number of low-income dwelling units to be weatherized, by calendar quarter;

--an estimate of the amount of energy to be conserved;

--the minimum number of dwelling units to be weatherized annually where elderly, handicapped, and Native Americans reside; and

--an estimate of the Federal manpower programs, volunteer labor programs, or other labor sources to be used.

SCOPE

Our overall plan for the 3 fiscal years we are required to review the program is to cover each of the 10 DOE regions at least once and within those regions States having significant programs. In our 1977 review we covered four DOE regions and eight States in those regions. Our 1978 review covered different DOE regions and States.

We conducted our 1978 review at DOE headquarters, four regional offices, and eight States within those regions. (See app. I.) Additionally, we visited 21 LAAs and inspected homes weatherized with DOE funds.

Our work included analyzing legislation, program regulations, weatherization plans, financial records, audits done by DOE and other program documents and correspondence. We also obtained comments regarding program problems and accomplishments from DOE, State, and LAA officials.

Although our sample of LAAs was not intended to a be statistically valid random sample, our findings and conclusions were also generally supported by audits done by DOE, a DOE report on the program, 1/ testimony by a DOE official on the program, 2/ and our 1977 report.

1/"Status of the Weatherization Assistance Program Annual Report for 1979", U.S. Department of Energy, Feb. 1980.

2/Statement on Weatherization Program of Director, Weatherization Special Project Office, DOE, before the Subcommittee on Human Resources, House Committee on Education and Labor, Mar. 26, 1980.

CHAPTER 2

ENERGY SAVINGS ESTIMATES AND PROCEDURES FOR SELECTING HOMES WITH THE GREATEST POTENTIAL SAVINGS HAVE NOT BEEN DEVELOPED

The weatherization program can benefit low-income persons and save energy, but neither DOE nor the States know the extent to which the program is actually reducing energy costs and consumption in low-income homes. DOE is in the process of gathering the information necessary to estimate savings and assess program effectiveness, but this process is not scheduled to be completed until April 1980--6 months before expiration of the currently authorized program.

LAAs selected homes for weatherization on a "first come, first served" basis without consideration of which homes would provide the greatest energy savings. We believe DOE should develop and implement selection procedures which will increase assurances that the homes weatherized will result in the greatest amount of energy savings per dollar spent.

DOE'S PLAN FOR ESTIMATING AND REPORTING ENERGY SAVINGS

The purpose of the weatherization program is to assist in insulating the dwellings of low-income persons to reduce their utility costs and to conserve energy. However, neither ECPA nor DOE's program regulations require that energy savings actually achieved from weatherizing homes be estimated and reported. DOE's system for estimating and reporting savings actually achieved has not been fully implemented; consequently, the extent to which the weatherization program is reducing energy costs and consumption in low-income homes is unknown.

We believe energy savings estimates must be obtained to answer at least two questions concerning program performance and effectiveness:

1. To what extent is the program reducing energy costs and consumption?

2. To what extent is the program cost effective?

DOE recognized the importance of savings estimates and initially planned to require LAAs to gather savings data. Under the initial plan LAAs were to analyze utility bills for weatherized homes and identify changes in energy consumption. This information was to be reported to DOE headquarters where it would be used to calculate total energy savings. DOE abandoned the plan after deciding that reviewing utility bills would be too burdensome for the LAAs.

DOE now plans to estimate energy savings for weatherized homes as part of a comprehensive program effectiveness evaluation plan which was implemented during 1979. Although DOE plans to continue program evaluation over a 2- to 3-year period, it expected to be able to estimate energy savings by about April 1980.

The current plan consists of identifying changes in fuel consumption for about 160 homes which are being weatherized as part of demonstration projects in Indianapolis, Indiana, and the District of Columbia. DOE will use the fuel consumption data to develop energy savings models for homes weatherized in different areas of the country. After developing the savings models, DOE headquarters plans to estimate energy savings for the number of homes reported as weatherized by the LAAs.

SELECTION OF HOMES DOES NOT GIVE ADEQUATE CONSIDERATION TO POTENTIAL ENERGY SAVINGS

DOE needs to take appropriate steps to assure that dwelling units to be weatherized under the program are selected on the basis of the greatest potential energy savings per dollar spent while at the same time assuring that the target populations (low-income elderly and handicapped) benefit from the program. This would assure that the purposes of the program--achieving the greatest level of energy savings and minimizing the utility costs of those least able to afford such costs--would be achieved.

We found that the LAAs we visited were selecting homes to be weatherized on a "first come, first served" basis without considering potential energy savings.

This condition exists because the program regulations do not adequately define the criteria for selecting homes for weatherization. These regulations stipulate that priority be given to weatherizing the units of low-income elderly and handicapped and, as a LAA determines is appropriate, to weatherizing high energy-consuming dwelling units. While low-income elderly and handicapped represent 61 percent of the persons receiving program benefits through December 31, 1978, DOE has no assurances that the dwelling units to be weatherized will result in the greatest amount of energy savings per dollar spent.

Our first annual report (see p. 2) discussed the "first come, first served" method of selecting dwelling units and recommended that DOE implement a priority system to assure that dwelling units are selected based on the greatest potential energy savings per dollar spent. DOE disagreed with our recommendation primarily because preliminary assessments of the potential energy to be saved in each dwelling unit would have to be made before selecting units to be weatherized. DOE stated that sufficient resources were not available at the DOE and LAA levels to perform an energy audit of each applicant's dwelling unit and to maintain a prioritized list of possible applicants.

DOE's current weatherization procedures require LAAs to assess potential energy savings in each dwelling unit to be weatherized. Additionally, in response to requirements in NECPA DOE has recently changed the program regulations to require that States establish procedures to determine the optimum set of cost-effective weatherization measures to be installed in each dwelling unit. The proposed procedures require the States rather than the LAAs to assess potential energy savings in different types of dwelling units to be weatherized.

Because the proposed and the current procedures for weatherization require savings estimates, we believe either procedure can be used by the LAAs to prioritize and select dwelling units on the basis of the greatest potential energy savings per dollar spent. Consequently, we continue to believe that DOE should implement a priority system for selecting dwelling units to be weatherized.

DOE's current weatherization procedures

Under the present program regulations, LAAs must complete a 12-page data questionnaire and analysis, referred to as The Project Retro-Tech Manual, for each dwelling unit weatherized. The manual enables LAA personnel to calculate the heat loss in a dwelling unit caused by air infiltration through the building envelope and by heat conduction through floors, ceilings, walls, and windows. The manual also provides LAAs with a systematic approach to determining the potential heating unit savings and costs associated with various weatherization measures.

We believe the Project Retro-Tech Manual offers a basis for selecting and ranking dwelling units based on potential energy savings per dollar spent. However, we observed that the LAAs did not always use the manuals correctly and, on a significant number of occasions, they did not complete the data questionnaire and analysis. This problem occurred, according to DOE, because the LAAs could not do the detailed calculations to estimate heating unit savings. The proposed procedures place this responsibility on the States.

Need for modification of the proposed weatherization procedures

Under DOE's proposed weatherization procedures, LAAs are not required to complete the Retro-Tech data questionnaire and analysis. The States, as part of their annual weatherization plans, would calculate the cost-effectiveness of various weatherization measures and rank them by priority for different types of dwelling units by using procedures in a revised Retro-Tech manual.

The revised Retro-Tech procedures require that the measures be prioritized based on the ratio of the estimated installed cost of weatherization materials in relation to the estimated lifetime dollar value of energy saved. The weatherization measure assigned the highest priority will be the one which should save the most energy per dollar spent.

After approval of the priority lists by DOE, the States are to furnish LAAs with copies of the lists applicable to different types of dwelling units. The lists are to be used by LAAs during inspections of buildings to determine which measures are applicable to dwelling units selected for weatherization.

DOE's proposed weatherization procedures are designed to assure that the optimum set of cost-effective measures are installed in each dwelling unit selected for weatherization. Although the proposed procedures may help maximize the potential energy savings for each dollar spent in an individual dwelling unit, the procedures will not necessarily maximize the potential energy savings in terms of total expenditures for all homes weatherized.

For example, under the proposed procedures, LAAs can still select homes on a "first come, first served" basis. Therefore, homes needing the lowest priority work which is expected to result in relatively small amounts of energy savings could be weatherized without first weatherizing those homes requiring higher priority work. Weatherizing homes requiring higher priority work should result in obtaining relatively larger amounts of energy savings.

We believe DOE's proposed weatherization procedures can be improved by requiring LAAs to discontinue selecting homes on a "first come, first served" basis and to begin selecting homes based on the scope of priority work needed. Such a requirement can be implemented by instructing LAAs to concentrate on weatherizing those homes needing higher priority work and to defer weatherizing homes requiring lower priority work.

We realize that prioritizing homes to be weatherized could cause some applicants to be continually "bumped" by other applicants whose homes need higher priority work. In some cases, homes eligible for program assistance may never be weatherized. Nevertheless, we believe selecting homes to be weatherized from a priority list is necessary to maximize potential energy savings.

CONCLUSIONS

The weatherization program can benefit low-income persons and save energy, but the extent to which the program is reducing energy costs and consumption in low-income homes is unknown. DOE recognizes the usefulness of savings estimates in evaluating program effectiveness and plans to estimate energy savings by April 1980.

The program regulations do not adequately define the criteria for selecting homes to be weatherized. As a result, LAAs are selecting homes in a manner which does not assure that all homes weatherized will maximize the potential energy savings per dollar spent and at the same time reach the low-income population.

RECOMMENDATION

We recommend that the Secretary of Energy implement program regulations which will require LAAs to select homes to be weatherized from a prioritized list. These regulations should require LAAs to develop and continually update lists of candidate homes ranked in descending order of potential energy savings expected from applying the combinations of priority weatherization measures needed. Selections could then be made from lists of potential energy savings and the need to reach the target population of low-income elderly and handicapped persons.

AGENCY COMMENTS

DOE disagreed that program regulations should require LAAs to select homes to be weatherized from a prioritized list. DOE stated that the LAAs we visited did not constitute a representative sample and that many of the agencies visited by the DOE program staff had established priority lists on the basis of need. DOE also stated that it endorses the concept of giving priority to households requiring assistance in meeting their fuel bills and that selecting homes to be weatherized primarily on the basis of potential energy savings ignores the human welfare aspects of the program.

We are not suggesting that the human welfare aspects of the program be ignored, nor are we implying that maximizing energy savings should be the program's primary purpose. We are suggesting, however, that one of the main purposes of the program, as specified in ECPA, is to conserve energy, and that criteria should be developed that will give some degree of emphasis to this goal in selecting homes to be weatherized.

With regard to DOE's comments that our sample was not representative of all LAAs, we did not so state or imply that it was statistically valid. The sample did, however, provide broad coverage--eight States in four DOE regions (see app. I), including 21 LAAs. Furthermore, we found the same situation existed when we reviewed DOE's fiscal year 1977 weatherization program. That review covered eight States in four different DOE regions.

DOE's comments indicate that the costs of conducting a thorough energy audit of each unit for purposes of establishing a ranking system are greater than the marginal energy savings to be gained by using that ranking. However, as we pointed out on pages 9 and 10, DOE's current weatherization procedures require LAAs to assess potential energy savings in each dwelling unit to be weatherized. Additionally, in response to requirements in NECPA, DOE has recently changed the program regulations to require States to establish procedures to determine the optimum set of cost-effective weatherization meaures to be installed in each type of dwelling unit. Because these procedures require savings estimates, it appears that a ranking of the type we are suggesting could be developed for little or no incremental cost.

We believe DOE, through the weatherization program, should try to achieve the dual objectives of maximizing energy savings and assisting the target population of elderly and handicapped low-income persons. Criteria should be developed to guide the LAA in accomplishing these goals.

CHAPTER 3

PROGRAM PROGRESS AND EFFECTIVENESS CAN BE IMPROVED

Overall progress and effectiveness of the weatherization program have been hampered by (1) difficulties in obtaining sufficient labor resources, (2) lack of emphasis on rental units where half the low-income population lives, and (3) legal limits on the amount spent by States and LAAs on administrative expenses.

The actual number of homes weatherized by DOE is unknown. According to DOE budget data, about 393,000 homes were to be weatherized during fiscal years 1977 and 1978. DOE reported only about 96,000 homes had been weatherized through December 31, 1978. This number, however, is overstated by an undeterminable amount because it includes homes weatherized under both the DOE and CSA programs. DOE needs to revise its reporting system to obtain the total number of homes that were weatherized under each program. We also believe additional actions may be necessary to assure enough persons are available to work in support of weatherization projects.

DOE, CSA, and the Department of Labor (DOL) have jointly developed a plan of action whereby DOE would grant waivers permitting use of weatherization funds to pay for labor costs where labor shortages can be documented. This action should lessen the problems associated with obtaining sufficient labor. However, DOE and DOL should continually monitor the labor situation and take steps to resolve any problems that develop.

Additionally, we believe the program can be improved by (1) placing more emphasis on weatherizing renter-occupied dwelling units and (2) assuring sufficient administrative funds are available for effective program management and monitoring.

INADEQUATE PROGRESS REPORTING SYSTEM

DOE, in its March 1979 annual weatherization report to the Congress, estimated that about 96,000 homes had been weatherized through December 31, 1978. Information obtained during our review and during reviews conducted by DOE auditors indicates the estimate includes homes weatherized under CSA's program; consequently, the number of homes reported as weatherized under DOE's program is overstated. DOE was unable to identify the extent of over-reporting, and we did not attempt to estimate its magnitude. Obtaining a reliable estimate, in our opinion, would involve reviewing progress reports and supporting records at most of the approximately 1,000 LAAs participating in the weatherization program.

Overstatements have occurred, in our opinion, primarily because of deficiencies in the format of a quarterly program progress report used by the LAAs to report weatherization completions through the States to DOE and directly to CSA. DOE and CSA decided that the use of a single form for reporting program progress would satisfy both agencies' data needs and reduce paperwork at the LAA level. Unfortunately, the form does not provide a means to indicate clearly the number of homes weatherized (1) solely with DOE funds, (2) solely with CSA funds, and (3) with combinations of DOE, CSA, and other funds.

We found some cases which indicate that the statistics reported to DOE include homes weatherized under both the DOE and CSA programs. For example, officials in the Dallas regional office believed that the States in their region were submitting summary reports that included the number of homes weatherized under both programs. LAAs in Washington and Idaho were, in fact, submitting reports which represented the number of homes weatherized under both programs. In another case, the District of Columbia reported weatherizing 26 homes during a quarter when no DOE funds were spent. We also found that a Texas LAA double-counted homes by (1) erroneously reporting work in process as completed work during one quarter and (2) as completed work again when the work was actually finished in a later quarter.

DOE auditors have also found inaccuracies in the number of homes reported to both DOE and CSA. In one case, the 1978 annual report from DOE's Inspector General disclosed that the number of homes weatherized is being overreported. Auditors assigned to a special monitoring project which included a review of 15 LAAs in Washington and Idaho found that the number of homes weatherized with DOE funds was also reported to CSA as homes completed under its program.

Reporting the same home to both agencies has occurred because the degree to which a home is weatherized with DOE and CSA funds varies greatly. For example, one home may be weatherized with 100 percent DOE funds, but the next home may be weatherized with 25 percent DOE money and 75 percent CSA money. Some LAAs are apparently reporting homes weatherized with mixed funding sources to both agencies rather than reporting fractional homes to each agency.

As previously discussed, the Congress did not appropriate any fiscal year 1979 funds for CSA's weatherization program. [1] This suggests that problems in reporting accurate program progress data will be lessened because future weatherization work will be performed under DOE's program. According to CSA officials, all prior years' grants have not been spent, and LAAs will continue to weatherize homes under CSA's program until the money is spent. We believe that DOE will continue to receive inaccurate program progress reports unless steps are taken to improve the reporting process.

There is a way for DOE to obtain more accurate progress data without changing the quarterly report form. To obtain more accurate data, DOE can instruct all LAAs to

--continue reporting the total dollars spent separately by CSA, DOE, and other funding sources; and

--begin reporting the total number of homes actually completed with all funding sources.

DOE can next make arrangements for headquarters, regional, or State personnel to analyze summary reports and determine the number of homes weatherized with DOE, CSA, and other funds. This determination can be made by computing the percentage of total expenditures represented by the different classes of expenditures. Next, these percentages can be applied to the total number of homes weatherized to estimate the number of homes completed with DOE, CSA, and other funds.

DIFFICULTIES IN OBTAINING LABOR RESOURCES

ECPA requires that, to the maximum extent feasible, program labor be provided by volunteers and public service employment workers and training participants enrolled under the Comprehensive Employment and Training Act (CETA) of 1973. This act is administered by DOL. Until recently, DOE's regulations have interpreted this as requiring the exclusive use of CETA labor.

Under DOE's program regulations in effect at the time of our review, about 60 percent of the money allocated for weatherization work must be used to purchase materials. No more than 10 percent of the funds can be used for administrative expenses and no more than 30 percent can be applied to other costs such as transporting work crews, maintaining equipment, and paying onsite supervisory personnel.

---

[1] See discussion on p. 3.

LAAs depend on CETA labor to weatherize homes. Since the inception of DOE's and CSA's weatherization programs, some LAAs have experienced difficulties in obtaining sufficient labor to carry out the programs. As a result, a relatively small amount of the DOE weatherization funds available to all States had been spent, and the eight States we visited had accomplished only about half of their weatherization goals.

DOE, CSA, and DOL have jointly reached an agreement to try to identify and resolve labor problems at the local level. A plan of action was recently developed whereby DOE would grant waivers permitting use of DOE weatherization funds to pay for labor costs where CETA labor shortages can be documented.

Effect and nature of labor problems

DOE's 1978 annual report to the Congress on the weatherization program stated that difficulties in obtaining enough persons to weatherize homes have caused situations where large sums of program moneys made available to the States were not being spent. While we believe that the difficulty in obtaining labor is the major reason for limited program progress, we recognize that some States and LAAs received funds later than anticipated. The late receipt of program funds has undoubtedly also had some impact on meeting weatherization goals.

The Congress provided about $291 million (based on DOE's budget requests) for operating DOE's weatherization program through fiscal year 1979. Although $288 million had been granted to the States, only about $25 million--9 percent of this amount--had been spent as of December 31, 1978, and about $96 million--33 percent--had been spent as of December 31, 1979.

An overall low program expenditure rate parallels a trend of LAAs weatherizing far fewer homes than estimated in the States' 1977 and 1978 weatherization plans. Nationwide data on each State's progress toward its weatherization goals was not readily available, but the eight States we visited had, overall, accomplished less than one-half of their combined weatherization goals.

DOE granted the eight States about $15.6 million to weatherize 44,275 homes under their 1977 and 1978 weatherization plans. As of December 31, 1978, the States had spent only $6.2 million, or 40 percent of their grants, and had completed 21,893 homes, or 49 percent of their combined weatherization goals. Examples of progress in the eight States as of December 31, 1978, are shown in the following table.

State	1977 and 1978 grants (thousands)	Expenditures Total spent (thousands)	Expenditures Percent of grants spent	Weatherized homes State goal	Weatherized homes Homes completed	Weatherized homes Percent of goal
Massachusetts	$ 2,508.0	$ 286.6	11	6,405	857	13
Connecticut	1,283.5	170.0	13	3,769	115	3
Pennsylvania	6,118.7	4,322.7	71	19,340	14,555	75
Maryland	1,220.2	358.3	29	2,927	767	26
Washington	1,667.7	277.5	17	4,735	2,325	49
Idaho	863.5	236.6	27	1,802	812	45
Texas	1,389.6	349.3	25	4,142	1,830	44
Louisiana	521.8	152.9	29	1,155	632	55
Total	$15,573.0	$6,153.9	40	44,275	21,893	49

State and local agency officials in six of the eight States cited difficulties in obtaining and utilizing CETA workers as a primary obstacle to program progress and effectiveness. Officials in Pennsylvania and Maryland advised us that no problems had been experienced in obtaining an adequate number of CETA laborers. The following examples illustrate some of the problems associated with reliance on CETA laborers.

--Allocation of CETA slots are controlled by State and local agencies referred to as prime sponsors. DOE regional and State officials complained that prime sponsors have ignored DOL policy directives by placing very little emphasis on assigning CETA workers to local weatherization projects. In past audits of DOL, we found a tendency for CETA prime sponsors to give preference to allocating CETA public service jobs to their own projects, rather than those of other agencies. 1/

--An LAA in Louisiana could not obtain any CETA workers from its prime sponsors; consequently, DOE funds available to the LAA for over a year had not been used.

--The prime sponsor responsible for allocating CETA slots to weatherization projects throughout Idaho overobligated program funds and could not provide enough workers to LAAs in the State. Consequently, during August 1978, Idaho LAAs were operating with only 66 laborers, or about 38 percent of the number needed to accomplish their overall weatherization goals.

--Weatherization officials in two of the States we visited complained that the use of CETA labor hinders program effectiveness because the workers generally possess low skill levels and require extensive on-the-job training. We were also told that CETA workers cannot work a full 40-hour week because 10 hours per week must be devoted to classroom training or counseling. Moreover, one LAA official advised us that CETA workers are allowed to be absent from work during the last 2 months of their contracts to seek unsubsidized employment.

Initial Federal efforts to resolve labor problems were not successful

Early evaluations of several CSA weatherization programs highlighted labor problems stemming from using CETA workers. DOL recognized these labor problems and, prior to the publication of DOE's initial program regulations, wrote a CETA policy letter to prime sponsors encouraging their participation in energy conserving weatherization projects. Specifically, prime sponsors were requested to place top priority on weatherization projects in order to create a more healthful environment for as many low-income elderly persons as possible

---

1/See our reports to the Congress, "Formulating Plans for Comprehensive Employment Services--a Highly Involved Process," HRD-76-149, July 23, 1976; and "More Benefits to Jobless Can be Attained in Public Service Employment," HRD-77-53, Apr. 7, 1977.

before the winter of 1977. Because prime sponsors have the authority by law to decide for what allowable purposes they will utilize available CETA funds, DOL could not require prime sponsors to place priority on weatherization projects.

In August 1977, DOE and CSA signed an agreement with DOL to establish interagency cooperation on weatherization program efforts at the national and local levels. The agreement renewed a previous commitment to encourage prime sponsors to use CETA funds to provide labor for CSA weatherization projects.

Our August 1978 report on the CSA weatherization program concluded that, despite the interagency agreement, there would still be difficulties in securing cooperation at the local level because DOL had not issued implementing instructions to the prime sponsors. 1/ The report recommended that DOL, DOE, and CSA jointly establish procedures whereby CETA sponsors' program plans are made available to CSA and DOE regional offices for comment before DOL approves them. We believed such comments would provide DOL with insight into how well CETA sponsors' plans are coordinated with weatherization program efforts. We also recommended that procedures be established to resolve difficulties that may arise with CETA program sponsors meeting commitments to support weatherization projects.

DOE, CSA, and DOL agreed on the need to coordinate CETA program plans with weatherization labor needs. These agencies stated, however, that prime sponsors have the authority to decide how they will use available funds, and DOL indicated that it is precluded by the act from disapproving a prime sponsor's plan based on the percent of funds devoted to various allowable activities.

DOL believed that needed cooperation and coordination must take place at the local level, where priorities are set, and suggested that DOE and CSA negotiate agreements with prime sponsors to fund labor for weatherization projects while sponsors are developing CETA program plans. DOL also proposed developing procedures to encourage CETA program sponsors to cooperate with LAAs.

1/"Complications in Implementing Home Weatherization Programs for the Poor," HRD-78-149, Aug. 2, 1978.

In November 1978, NECPA assigned DOL primary responsibility for assuring there are a sufficient number of persons available to support weatherization programs.

Current efforts to resolve labor difficulties

NECPA mandated three actions to assure that a sufficient number of workers are available to support weatherization projects. First, DOE is required to determine the number of individuals needed to carry out weatherization programs in various areas of the country. After the number of individuals needed is determined, DOL is required to identify the areas of the country where there is an insufficient number of workers to support weatherization projects. Then, DOL is required to take steps to assure that weatherization projects are supported, to the maximum extent practicable, by volunteers and training participants and public service employment workers pursuant to CETA and the Older American Community Service Employment Act (P.L. 93-29).

DOE, CSA, and DOL, with assistance from OMB and the White House Domestic Policy Council staff, reached an agreement on how to meet the NECPA requirements for assuring an adequate labor force. Under this agreement, implemented during January 1979, two steps were taken: (1) DOE sent a questionnaire to all LAAs to obtain labor availability data for each local area and (2) each agency issued instructions to its regional offices requiring combined actions at the regional level to attempt to resolve labor problems.

However, more recently as a result of growing problems in maintaining sufficient labor resources to effectively operate the program and sizeable increases in home heating fuel prices in 1979, DOE, in cooperation with DOL, OMB, CSA, and the White House Domestic Policy Staff, developed a new plan of action to resolve these problems, as follows:

--DOE authorized the granting of waivers to States and LAAs to use DOE funds to contract for weatherization services where CETA labor shortages can be documented.

--DOL will become more directly involved in weatherization labor needs and, if necessary, will mediate between CETA prime sponsors and LAAs. DOL, in cooperation with DOE, will establish a system to identify situations where CETA prime sponsors and LAAs have reached an impasse in negotiations and recommend whether DOE should grant a special waiver to allow use of DOE funds for contract weatherization.

These new policies were implemented beginning in August and September 1979.

MORE EMPHASIS NEEDED ON PROVIDING PROGRAM BENEFITS TO LOW-INCOME RENTERS

Almost 50 percent of the low-income homes in the United States are rental units, but neither ECPA nor the program regulations require weatherizing renter-occupied dwelling units. ECPA states that if rental units are weatherized, DOE should ensure that (1) weatherization benefits go primarily to tenants, (2) rents will not be raised because of any increase in the value of dwelling units, and (3) no undue or excessive enhancement of the property will occur. If rental units are weatherized, DOE requires landlords to sign agreements designed to ensure that the three requirements in the ECPA are met.

DOE stated, in its March 1979 weatherization report, that rental properties are not being weatherized in many instances because landlords are reluctant to commit themselves to written agreements. According to DOE, this reluctance exists because landlords do not receive the immediate financial benefits of weatherization.

Our first annual report on the weatherization program stated that few low-income renter-occupied dwelling units were planned to be weatherized when compared to the percent of total low-income homes which are rental units. We found the same condition in some of the eight States we visited during this review.

Maryland was the only State with a 1978 weatherization plan projecting 50 percent of the total homes to be weatherized would be renter-occupied. The percentages applicable to rental units in the remaining seven States ranged from zero in Louisiana to 40 in Massachusetts.

We also detected some reluctance to encourage weatherizing rental units from officials in DOE's Dallas Regional Office and from officials in two States in the region--Louisiana and Texas. Regional officials told us that they do not plan to encourage the States to weatherize rental units because it is not required by the regulations and in their opinion, the States should formulate their own policy regarding rental units. One regional official expressed concern that landlords will not pass on reduced costs to tenants even if they sign the rental agreements required by DOE.

State officials in Louisiana and Texas also said that they are concerned that landlords will not pass on reduced utility costs to tenants. Consequently, Louisiana has adopted a policy of remaining silent on rental units and letting the LAAs decide if they will weatherize renter-occupied dwellings. Texas, on the other hand, disallowed weatherizing rental units under its 1977 plan. Under Texas' 1978 plan, LAAs must receive permission from the State before weatherizing a rental unit.

As stated in our first annual report, 1/ we believe that the types of weatherization measures to be performed under the program will not unduly or excessively enhance the value of the renter-occupied dwelling units and thus should not result in increased rents to low-income tenants. Insuring that the benefits of the program accrue to low-income tenants could pose a serious problem, particularly in cases where utility costs are not paid directly by tenants but are included in the rent. In these cases, rent payments theoretically should decrease following weatherization to the extent that the cost of energy saved exceeds the benefits of a better living environment for the tenants. However, we believe it it highly unlikely that this would occur.

Available data indicates that about 16 percent of the low-income dwellings in the Nation are single family renter-occupied units. For these homes and for multi-family renter-occupied homes where energy sources are individually metered the benefits of weatherization would accrue directly to the tenant.

To assist LAAs in increasing the number of rental dwelling units weatherized, DOE is testing through an ongoing demonstration project various techniques designed to obtain landlord agreements. DOE, in our opinion, should take steps, before the demonstration project is finished, requiring more emphasis on providing program benefits to low-income renters. This can be accomplished by instructing the LAAs not to disregard candidate homes solely because they are occupied by low-income renters. The instructions should require LAAs to disregard rental units only after landlords refuse to sign the agreements required by DOE.

1/"Evaluation of Four Energy Conservation Programs--Fiscal Year 1977", EMD-78-81, Nov. 21, 1978.

REVISING LIMITATIONS ON ADMINISTRATIVE COSTS MAY HELP IMPROVE PROGRAM MANAGEMENT

The program regulations in effect during our review contained spending limitations on transportation, tools and equipment, and administrative expenses which State and LAA officials complained were preventing effective program implementation. Through amendments to the program regulations, DOE has relaxed the restrictions on transportation, tools, and equipment expenses. However, requirements in ECPA and NECPA have prevented DOE from changing the restriction that administrative costs cannot exceed 10 percent of a grant.

As required by ECPA, the initial program regulations restricted administrative expenses to 10 percent of each State's grant. DOE received 50 written comments prior to finalizing these regulations, and 82 percent, or 41 commenters, stated that the 10-percent allowance for administrative costs was not sufficient because, among other reasons,

--States are required to monitor and audit LAAs,

--States are accountable for their LAAs' noncompliance, and

--both States and LAAs have recordkeeping and reporting requirements.

Additionally, Texas' 1978 weatherization plan emphasized that limitations on funds for administrative expenses could continue to interfere with the operation of weatherization projects. According to the plan, in previous CSA-funded project most LAAs complained that the cost of administering a weatherization program generally exceeded the 10-percent allocation for administrative costs. If a LAA had no housing director or staff capable of supervising weatherization programs, funding was insufficient to provide that assistance.

We also encountered complaints about insufficient administrative funds. For example, a Maryland official told us that the State does not have enough administrative funds and staff to effectively monitor program implementation. A Texas official stated that the amount allowed for administrative expenses was not sufficient to pay for costs associated with audits and hiring and training onsite supervisors. Insufficient administrative funds have also caused LAAs to rely on untrained personnel to perform bookkeeping and accounting tasks.

Because the initial regulations did not specify how administrative funds were to be divided among State weatherization offices and LAAs, some LAAs did not receive any administrative funds. Connecticut, for example, received a $394,000 grant in 1977 and retained a full 10 percent of the grant to cover State administrative expenses. Other States, such as Washington and Texas, retained 5 percent of their grants and allocated the remaining 5 percent among the LAAs participating in the program.

In response to requirements in NECPA, DOE has revised the program regulations to prevent States from retaining all of the administrative funds. The regulations now limit administrative costs to no more than 5 percent of any grant at the local level.

Because overall administrative funds are still limited to 10 percent of a grant, this limitation may continue to hamper program operations. In our opinion, DOE should closely monitor the sufficiency of funds allocated for administrative costs and be prepared to ask the Congress to amend NEPCA so that enough money can be made available to effectively manage and monitor the program.

CONCLUSIONS

Deficiencies in DOE's progress reporting system have caused LAAs to include homes weatherized under the CSA program with statistics reported to DOE. In some cases the homes reported to DOE were also reported to CSA. Consequently, progress of the weatherization program has been overstated.

Since the inception of CSA's and DOE's weatherization programs, many LAAs have experienced difficulties in obtaining an adequate number of CETA workers to carry out the program. A lack of labor resources for DOE's program has resulted in far fewer homes than planned being weatherized, and large sums of program funds were not being spent.

DOE, CSA, and DOL are working together to identify and resolve labor difficulties and thereby improve the progress and impact of the weatherization program. The success of this effort will be influenced, in part, by (1) how well DOE and DOL monitor the labor situation and take steps to resolve problems that develop and (2) the impact that using DOE funds for labor will have on funds availability for weatherization materials and other program costs.

Almost 50 percent of the low-income homes in the United States are renter-occupied, but only one of the States we visited planned that 50 percent of the homes it weatherized would be rental units. Rental units are not being weatherized in many cases, according to DOE, because landlords are reluctant to sign agreements designed to assure that weatherization benefits accrue primarily to the tenants. DOE is testing various techniques to obtain landlord agreements. We believe DOE should immediately take steps to require more emphasis on providing program benefits to low-income renters.

DOE has relaxed the spending limitations on transportation, tools, and equipment which State and LAA officials complained were preventing effective program implementation. However, statutory limitations on administrative expenses could continue to interfere with the operation of the weatherization program.

RECOMMENDATIONS

We recommend that the Secretaries of Energy and Labor continue to monitor the labor situation and periodically assess the effectiveness of their efforts to provide sufficient labor for the weatherization program. Waivers permitting DOE weatherization funds to pay for labor costs should be granted only after (1) all reasonable efforts to obtain labor resources have been exhausted and (2) DOE determines that denial of a waiver will cause weatherization funds to remain idle.

We also recommend that the Secretary of Energy:

--Revise the progress reporting system to ensure that the total number of homes weatherized under DOE's and CSA's programs are identified and reported accurately.

--Instruct DOE regional offices, States, and LAAs to place more emphasis on providing program benefits to occupants of rental units. These instructions should require LAAs to (1) give equal consideration to candidate homes occupied by renters and owners and (2) eliminate rental units from further consideration only after landlords refuse to sign the agreements required by DOE.

--Closely monitor the adequacy of administrative funds and, if problems continue, ask the Congress to amend NECPA to allow the States and LAAs to obtain enough money to effectively manage and monitor the weatherization program.

AGENCY COMMENTS

DOE and DOL agreed that they should continue to monitor the labor situation and periodically assess the effectiveness of their efforts to provide sufficient labor for the weatherization program. They also agreed that waivers permitting DOE weatherization funds to pay for labor costs should be granted only after (1) all reasonable efforts to obtain labor resources have been exhausted and (2) DOE determines that denial of a waiver will cause weatherization funds to remain idle. DOE stated it was revising its regulations to permit using DOE funds to pay for labor when CETA labor is not available.

DOE agreed that accurate reporting of the number of homes weatherized under DOE's and CSA's programs had been a problem. DOE stated, however, that few LAAs currently have unspent CSA weatherization funds, and the reporting deficiencies presented in the report should no longer be a problem. Recently, legislation has been introduced that would establish another weatherization program under CSA in fiscal year 1981. If this program is implemented, the same local agencies will be involved and, in the event DOE's program is continued, similar reporting problems could occur. DOE should monitor the progress of the pending legislation and be prepared to take whatever steps are necessary to prevent a recurrence of these types of reporting problems.

DOE also agreed that increased emphasis should be placed on weatherizing renter-occupied housing and advised that a demonstration project is planned for New York City in which various approaches to providing assistance will be examined.

With respect to the adequacy of administrative funds for financial management and program monitoring, DOE agreed it should closely monitor the adequacy of administrative funds and, if problems continue, it should ask the Congress to amend NECPA to allow the States and LAAs to obtain enough money to effectively manage and monitor the program.

CHAPTER 4

FINANCIAL MANAGEMENT AND PROGRAM MONITORING SYSTEMS NEED IMPROVEMENT

We identified deficiencies in the financial management and/or monitoring systems at the LAA, State, and DOE levels. Many LAAs reviewed by us and DOE auditors were not maintaining adequate accounting and inventory systems and were not spending grant funds in accordance with the program regulations. Additionally, most of the State offices we visited did not have financial management and monitoring systems which DOE can rely on for assurances that (1) LAA accounting, inventory, and unallowable expenditure problems are identified and corrected and (2) financial status reports are accurate. Moreover, DOE's ability to monitor the States and LAAs and obtain assurances that financial management and reporting problems are identified and corrected has been limited by a lack of permanent monitoring staffs.

These conditions will continue, in our opinion, unless DOE implements a monitoring system whereby it first identifies and provides any training and technical assistance needed to improve the States' financial management and monitoring capabilities. Next, DOE can begin to rely primarily on the States to identify and correct financial management and reporting problems. One DOE regional office is developing such a monitoring system, and we believe it should be considered for implementation in all of the regions.

INADEQUATE FINANCIAL CONTROLS AND UNALLOWABLE EXPENDITURES AT LOCAL ADMINISTERING AGENCIES

Many of the LAAs we visited did not maintain financial management systems which met Federal requirements designed to assure that grant monies are controlled, spent, and accounted for properly. In addition, we found several cases where unallowable program expenditures occurred. DOE auditors also found similar conditions at 15 LAAs reviewed as part of the special monitoring effort mentioned on page 15.

Financial controls

OMB Circular A-102, among other things, requires that grantees financial management systems provide for: records that identify the source and application of funds for grant supported activities; effective control over and accountability for all funds, property, and other assets; accurate, current, and complete disclosure of the financial results of each grant program; and accounting records that are supported by source documentation. The financial management systems at 16 of the 21 LAAs we reviewed did not meet the requirements of OMB Circular A-102. While the condition of financial management systems varied from one LAA to another, financial controls were generally inadequate for one or more of the following reasons:

1. Supporting source documents could not be located.
2. Homes where funds were spent could not be identified.
3. Inventory systems did not adequately control, account for, or safeguard property purchased with grant funds.

The following examples illustrate some of the problems we found with the financial and inventory systems.

--At the three Maryland LAAs supporting records did not contain enough information to identify work performed on individual dwelling units or to determine if funds were spent on items allowed by DOE's regulations. One LAA's accounting system did not show expenditures among various grant programs. After analyzing weatherization program expenditures, the LAA found that it had overexpended its fiscal year 1977 DOE grant by about $4,000.

--A LAA in Louisiana was in the process of reconstructing its accounting records at the time of our visit to identify the correct balances for various grant programs administered by the agency. Supporting materials invoices were not available for all homes weatherized, running balances were not maintained for various accounts, and the cash balance reflected in the accounting records did not agree with the check book balance.

--The LAAs we visited in Washington and Idaho generally could not, through their accounting records, trace the use of purchased materials to homes actually weatherized.

--Inventory controls at 13 of the LAAs needed improvement. For example, a Washington LAA paid two vendors about $4,112 for insulation and composition roofing material. At one vendor's facility we found only 9 of 336 roofing bundles paid for by the LAA were on hand. The vendor stated that he had used the other 327 bundles, but promised to replace them. At the other vendor's facilities, only 102 of 400 bags of insulation were on hand. The vendor had used the remaining 298 bags, and he also promised to replace them. A Texas LAA maintained records of materials withdrawn from and returned to inventory; however, overall records reflecting the quantities and value of materials on hand were not maintained. Also, materials bought with DOE and CSA funds were stored in the same warehouse without records showing the cost and quantity of materials applicable to each program. Another LAA in Texas where we found materials left at weatherized homes, did not maintain any inventory records.

DOE auditors assigned to the special monitoring project also found many weaknesses in the financial controls at 15 LAAs. None of the 15 agencies, for example, had properly accounted for DOE funds. At eight agencies, the auditors could not determine how much DOE money had been spent on individual homes. In addition, records at four agencies were inadequate to determine work actually performed, and eight agencies did not have adequate controls for materials in inventory to preclude losses or misuse.

Unallowable expenditures

LAAs are responsible for spending grant funds in accordance with the weatherization program regulations. We identified unallowable expenditures at 7 of the 21 LAAs we visited. These expenditures generally involved spending more than $100 on repairs, providing program benefits to ineligible persons, and installing materials not allowed by DOE.

DOE regulations allowed LAAs to spend up to $400 per house on weatherization materials. DOE also allowed up to $100 of the $400 to be spent for repairs such as roofing materials used as a patch to repair leaks which could damage insulation installed in attics. We found numerous instances where LAAs exceeded the $100 repair limitation. For example, a Washington LAA spent more than $100 for repairs at 13 of the 24 dwelling units weatherized from April through August 1978. Such repairs included new roofs on eight homes with costs ranging from $125 to $418. Plumbing repairs in two other homes cost $373 and $253. Electrical repairs in another home cost $1,261, and miscellaneous repairs in the last two homes cost $120 and $152. The costs at the homes with $418 for roof repairs and $1,261 for electrical repairs 1/ also exceeded DOE's $400 per home expenditure limitation.

One LAA in Texas exceeded the $100 repair limitation on two of the three houses we inspected by resurfacing and restructuring roofs. Records supporting work performed on the two houses did not contain enough details to determine exactly how much was spent on roof repairs. However, based on our observations of all work performed at the homes, we concluded that the majority of the materials, which cost $468 at the first house and $218 at the second house, were used for roof repairs. Insulation was not installed at either house, and we were told that the LAA planned to insulate the homes later. Any additional expenditures on the first house would increase the amount by which costs already exceed DOE's $400 per house limit. The LAA director advised us that he planned to adjust his records and charge excess costs to the CSA program.

DOE also prohibited the installation of certain materials such as door locks when new doors are not installed and sheetrock when it is not needed to support ceiling or exterior wall insulation. One Louisiana LAA spent $117 on door locks and other unallowable materials at three of the four homes we inspected. The same Texas LAA which exceeded the $100 repair limitation installed sheetrock on interior walls and in ceiling areas without installing insulation at two homes. Supporting records were not sufficiently detailed to estimate the costs of the sheetrock.

We also found two LAAs in Washington that weatherized homes of individuals who were not eligible for program benefits because their incomes exceeded the limits established by DOE. One LAA spent $1,428 to weatherize 13 ineligible dwelling units. The other LAA spent $273 weatherizing two ineligible homes. The cost of work at one of the two homes also exceeded DOE's $100 repair limitation by about $173.

The DOE auditors found unallowable expenditures at 10 of the 15 LAAs they reviewed in Washington and Idaho. The costs were incurred by seven LAAs that claimed repairs exceeding $100, four that claimed costs exceeding $400 per dwelling unit, and three that claimed costs for subcontract

---

1/Improperly installed attic insulation (blown in over bare electrical wires) caused a fire, and the LAA subsequently decided to approve these funds to repair the wiring.

labor. Additionally, three LAAs claimed reimbursement for items such as smoke alarms and electric motors, and two agencies claimed costs for work not performed.

IMPROVEMENTS NEEDED IN SOME STATES' FINANCIAL CONTROL AND MONITORING SYSTEMS

The States' financial and monitoring responsibilities consist of (1) maintaining financial management systems which meet the requirements of OMB Circular A-102, (2) submitting quarterly reports to DOE which reflect the overall status of grant funds, and (3) monitoring LAAs for compliance with the regulations and guidelines applicable to the weatherization program.

Based on our review, we believe the financial control and monitoring systems in Connecticut, Massachusetts, and Pennsylvania are adequate for assuring that financial status reports are accurate and that program funds are not spent for unallowable items. The financial controls in the remaining five States we visited needed improvement to assure that financial status reports accurately reflect grant status and/or expenditures reported by LAAs are allowable and accurate. The most serious deficiency in the five States, in our opinion, concerns a lack of assurance that LAAs are maintaining financial management systems which minimize accounting, inventory, unallowable expenditures, and reporting problems.

The States keep track of expenditures by LAAs through quarterly financial status reports submitted by LAAs which stratify expenditures by various budget object classes--administration, materials, transportation, equipment, and tools. The States do not require the LAAs to provide copies of supporting documents, such as materials, invoices, and cancelled checks, which can be used to verify the accuracy and allowability of reported expenditures...As a result, the States must rely on annual Certified Public Accountant (CPA) audits required by DOE and onsite monitoring performed by State and/or DOE personnel to obtain assurances that expenditures reported by the LAAs are accurate and allowable. Onsite monitoring is also necessary to assess the adequacy of the LAAs financial management and inventory systems.

As discussed in the following sections, we reviewed some CPA audit reports which did not provide the assurances needed by the States and DOE. Additionally, the States either did not have an onsite monitoring system or did not attempt to identify and correct financial management related problems.

Maryland

The Director of Maryland's Office of Economic Opportunity advised us that he does not have enough staff members to monitor LAAs and assure that expenditures reported to the State are allowable and accurate. Maryland plans to implement a "Monthly Weatherization Control System" to obtain fiscal and statistical reliability at the local level.

This system will require the Maryland LAAs to report detailed costs for items such as work completed, work in process, administration, and transportation. The LAAs will also be required to report the values and quantities of materials in inventory plus data indicating additions to and withdrawals from inventory. LAAs will not be required to submit documents supporting information in the monthly reports; consequently, we believe onsite reviews will still be necessary to test the accuracy of data reported to the States.

Washington and Idaho

The accounting records maintained by Washington and Idaho accurately disclosed program expenditures and remaining grant balances; however, the States did not have adequate controls over expenditure reimbursements made to LAAs to assure such reimbursements were for allowable program expenses, and some financial reports were inaccurate. In addition, monitoring activities by both States were not adequate.

Prior to our review, Washington had not performed onsite monitoring at any of its LAAs. The State weatherization program manager advised us that she did not have time to monitor the LAAs, and she has not been able to hire staff for monitoring.

Although Washington reviewed and approved invoices from LAAs before they were paid, supporting documentation, except for one LAA that had financial problems, was not required. Consequently, Washington generally approved payments to LAAs without knowing what the reimbursements were for other than broad categories such as materials and administrative expenses.

In several cases LAAs submitted unrequested details supporting their reimbursement requests. These details sometimes indicated duplicate payments or purchase of questionable items. Nevertheless, payments were made without questioning the items. On the other hand, Washington requested clarification or adjustments of some invoices that contained questionable costs.

Monitoring of the weatherization program in Idaho consisted primarily of a part-time program manager answering questions by telephone or mail. Idaho planned to rely on annual CPA audits required by DOE for assurances that LAAs were being reimbursed for allowable expenditures.

We reviewed CPA audit reports on three Idaho LAAs. The reports commented on the accuracy of the financial statements and the funds balances of the LAAs. None of the reports, however, stated whether the LAAs maintained accounting and related records which identify where funds were spent, whether expenditures were allowable, or whether weatherized homes were occupied by eligible program particpants.

Our "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" emphasize that examinations of financial transactions should include evaluations of compliance with applicable laws and regulations. Officials who authorize and prescribe the scope of audits have not discharged their full responsibility for obtaining audit work unless evaluations of compliance with laws and regulations are performed.

We also found that one of Idaho's quarterly financial reports submitted to DOE was not accurate. The expenditures on this report were overstated by $36,474 because the previous quarter's expenditures were included twice. Idaho also neglected to include about $1,675 of administrative funds spent by the State. Additionally, an LAA incorrectly reported expenditures which were included in the report even though Idaho had just sent the LAA a check for abour $6,560 more than was reported as spent.

We believe that these errors should have been detected and corrected while the State reviewed and summarized data included in the report.

Texas and Louisiana

The accounting systems maintained by Texas and Louisiana are sufficient to keep track of grant funds disbursed to LAAs and determine remaining grant balances. Although one of Texas' financial status reports did not agree with data shown in its accounting records, a more serious problem is the lack of assurance in both States that financial controls at the LAAs are adequate.

Both States were visiting LAAs to inspect weatherized homes and determine if documents required by DOE such as the Project Retro-Tech manual (see p. 9) were being filled out. State personnel were not reviewing accounting and inventory control systems during these visits. Officials in both States agreed that onsite reviews should include an analysis of accounting and related records to determine if expenditures reported by LAAs are accurate and allowable. Louisiana and Texas officials stated that their program monitors do not have accounting backgrounds and that they would try to add individuals with accounting knowledge to their staffs.

One of Texas' financial status reports submitted to DOE was inaccurate because administrative expenditures were overstated by about $11,000. The overstatement occurred because Texas double-counted administrative expenses reported by LAAs and erroneously included the anticipated costs of items such as an audit in the report. Texas agreed to submit a revised financial status report to DOE.

DOE's GRANTS MANAGEMENT CAN BE IMPROVED WITH A REVISED MONITORING SYSTEM

ECPA requires DOE to monitor and evaluate the operation of weatherization projects through onsite inspections, periodic evaluations, or through any other means DOE deems necessary. Additionally, OMB Circular A-102 requires Federal grantor agencies to make site visits as frequently as practicable to (1) review program accomplishments and management control systems and (2) provide technical assistance that may be required.

All but one of the four DOE regional offices included in our review maintain grants management systems which allow them to determine the status of funds granted for program implementation. These systems alone do not provide assurances that grant funds are being accounted for, spent, and reported by the States and LAAs in accordance with the guidelines and regulations applicable to the weatherization program. As a result, it is necessary to monitor activities at the State and LAA levels to obtain the needed assurances.

Monitoring activities in the regional offices we visited have been hampered by a lack of permanent staff to review program activities. Nevertheless, we believe regional monitoring systems can be improved and DOE can obtain adequate assurances that the States and LAAs are managing and implementing weatherization projects in accordance with program guidelines and regulations. The approach to monitoring being developed in one regional office, in our opinion, offers the potential for DOE to obtain the needed assurances'.

Grants management

Three of the four DOE regional offices included in our review maintain grants management systems which allow DOE to determine grant amounts available to the States, grant funds withdrawn from the United States Treasury, expenditures reported by the States, and remaining grant balances. The financial records and grant files in the remaining regional office--Seattle--were poorly organized and incomplete; consequently, we found it difficult to determine the total amount of funds withdrawn from the Treasury and the remaining balances of the State's grants.

The grants management systems in the DOE regional offices are based on documents, such as quarterly financial status reports, which do not provide assurances that program funds are being spent in accordance with DOE's regulations and that the States and LAAs are maintaining financial management systems which meet the requirements of OMB Circular A-102. Such assurances, in our opinion, must be obtained through annual CPA audits and periodic compliance monitoring reviews at the State and LAA levels performed by DOE and/or State personnel. *

Monitoring

Considering the problems with financial management systems, unallowable expenditures, and monitoring by the States which were discussed above, we believe DOE needs to periodically obtain assurances that the States and LAAs are implementing weatherization projects in accordance with program regulations. Monitoring efforts in the regional offices we visited have been hampered by a lack of permanent program monitors. The Dallas regional office, however, is developing a monitoring system which we believe can provide DOE with needed assurances concerning program compliance without maintaining large permanent regional monitoring staffs. This system plus the extent of monitoring efforts in the four regional offices we visited are discussed in the following sections.

Seattle

The Seattle regional office initially planned to begin monitoring the States and LAAs within 2 months after grants were awarded. Due to staffing problems, the region did not obtain a program monitor until about 6 months after grants were awarded to the States. Consequently, no State offices and only three LAAs in Oregon had been visited when we began our review.

After our review began, the region, with assistance from auditors assigned to DOE's Economic Regulatory Administration implemented a 90-day project to review program activities at the State offices in Washington and Idaho and 15 LAAs in the States. Findings from this project are discussed on pages 15 and 31. The project report recommended that the regional weatherization program manager work closely with the State offices to assure that the States implement LAA monitoring programs and make site visits on a periodic basis to assure that program requirements are being met.

About 45 days before the conclusion of the monitoring project, the region made money available for training and technical assistance contracts in Washington, Idaho, and Oregon. The contracts are designed to provide training and assistance to State and LAA personnel in the following areas:

1. Accounting system design.
2. Bookkeeping procedures and practices.
3. Materials procurement, storage, and inventory controls.
4. Records maintenance.

Regional officials believe the training and technical assistance will help overcome financial control and reporting problems at the State and LAA levels. Seattle's Regional Representative stated, however, that DOE headquarters does not allow enough people to adequately monitor the weatherization and other grant programs administered by the region. He believes a permanent regional monitoring team is needed to review grant programs.

Philadelphia

The Philadelphia regional office was relying on a DOL auditor, temporarily assigned to the region for 120 days, to monitor weatherization activities in five States and the District of Columbia. At the time of our review, the auditor had completed onsite reviews at 12 LAAs in Pennsylvania. These reviews were primarily concerned with overall program progress, work quality, and inventory records. The DOL auditor was not performing financial audits.

Philadelphia planned to begin comprehensive monitoring at the State and LAA levels to assure proper program management and use of Federal funds. This monitoring effort, as in the Seattle region, was to be carried out by Economic Regulatory Administration auditors and last for 90 days.

Boston

The Boston regional office had assigned two persons to monitor weatherization activities at the 68 LAAs in the New England States. Additionally, one part-time employee was available to work on a management information and inventory control system which the region wants to provide to the States for implementation at the LAA level.

Boston began monitoring LAAs about 4 months after weatherization funds were granted to the New England States. At the time of our review, monitoring had been underway for about 2-1/2 months and 11 LAAs in Massachusetts had been reviewed. During onsite reviews, the program monitors use a checklist developed by the regional office to evaluate LAA procedures for assuring that funds are spent on eligible dwelling units and expenditures are otherwise allowable. The adequacy of accounting and inventory control systems are also checked.

The regional office advises State grantee agencies of any corrective actions needed at LAAs. The State agencies are responsible for ensuring that deficiencies are corrected and notifying the regional office when deficiencies have been corrected.

The monitoring checklist used in the Boston region does not include items applicable to financial management and monitoring systems in the State agencies, and the regional weatherization program manager could not describe the States' monitoring systems. Consequently, we believe the Boston regional office needs to begin reviewing the financial management and monitoring systems in the State office to obtain assurances that the States financial management and LAA monitoring systems are adequate.

Dallas

DOE's Dallas regional office implemented a monitoring system similar to the one in Boston during December 1977. With assistance from two employees temporarily assigned to the weatherization program, onsite visits were made to 21 LAAs and 120 homes throughout all five States in the region during the first 6 months of monitoring efforts. The region discontinued monitoring LAAs during December 1978 because the temporary program monitors returned to their regular duties.

Because additional staff cannot be obtained for program monitoring, the regional office is evaluating financial management, reporting, and monitoring systems in the State offices to obtain assurances that these systems will provide DOE with accurate program progress and financial data as well as identify and correct accounting, reporting, inventory control, and unallowable expenditure problems at the LAA level.

As part of this process, the regional office identifies changes, technical assistance, and training which may be needed to improve financial management and monitoring systems in the States. For example, after reviewing Louisiana's systems, the regional office found that onsite reviews of LAAs do not include financial control considerations. State officials agreed to revise their monitoring checklist and begin reviewing accounting and inventory systems provided their program monitors receive some guidance on how to perform the reviews.

The regional office plans to provide the necessary training to Louisiana. As of May 1979, the regional office was waiting for completion of training materials being developed under the training and technical assistance contracts in the Seattle region. According to one regional official, materials developed and tested under these contracts will be made available to Louisiana and other States in the Dallas region.

We believe that Dallas' approach to evaluating State systems, supplemented with periodic spot checks to assure approved systems do not deteriorate, is an acceptable approach to obtaining assurances that the States and LAAs are properly managing and implementing weatherization projects.

CONCLUSIONS

Many LAAs reviewed by us and DOE auditors were not maintaining financial management systems meeting the requirements of OMB Circular A-102 and were not spending grant funds in accordance with DOE's program regulations. The States are responsible for monitoring LAAs for compliance with the regulations and guidelines applicable to the weatherization program and for submitting accurate financial status reports to DOE. Most of the State offices we visited, however, did not have financial management or monitoring systems which DOE can rely on for (1) identifying and correcting accounting, inventory, and unallowable expenditure problems at LAAs and (2) providing accurate financial status reports. Additionally, the CPA audit reports on LAA activities which we reviewed only commented on the accuracy of financial statements and funds balances; consequently, they did not provide assurances that financial management systems met Federal requirements and that expenditures were allowable.

DOE's ability to monitor the States and LAAs and obtain assurances that financial management and reporting problems are identified and corrected has been limited by a lack of permanent monitoring staffs. We believe DOE should revise its monitoring system and begin to rely primarily on the States for identifying and correcting financial management and reporting problems.

RECOMMENDATIONS

We recommend that the Secretary of Energy design a monitoring system to provide DOE with the following assurances:

- Financial management systems at the State level are sufficient to provide DOE with accurate reports on financial transactions applicable to the States and LAAs.
- Each State has implemented a system to periodically monitor LAAs and determine if accounting, inventory, and expenditure practices comply with the regulations and guidelines applicable to the weatherization program. The State monitoring systems should also include steps to (1) determine if financial and progress reports prepared by the LAAs are accurate and (2) correct any deficiencies found.
- State monitoring personnel possess sufficient skills to identify and correct accounting, inventory, unallowable expenditure, and reporting problems.

We also recommend that the Secretary of Energy require the scope of annual Certified Public Accountant audits of LAAs to include work which will determine if financial management systems meet Federal requirements and if program expenditures are allowable.

AGENCY COMMENTS

DOE agreed on the need to implement a financial monitoring system that will assure it of accurate financial reporting and adequate monitoring by the States and LAAs. DOE indicated that some action has been taken to improve monitoring and that the DOE Weatherization Special Project Office will consider monitoring as one of its tasks. Further, DOE agreed that the scope of annual Certified Public Accountant audits of LAAs should include work to determine if financial management systems meet Federal requirements and if program expenditures are allowable.

SCOPE OF REVIEW

DOE regional offices visited	States participating in weatherization program	States visited
Boston	Connecticut	Connecticut
	Maine	Massachusetts
	Massachusetts	
	New Hampshire	
	Rhode Island	
	Vermont	
Dallas	Arkansas	Louisiana
	Louisiana	Texas
	New Mexico	
	Oklahoma	
	Texas	
Philadelphia	Delaware	Maryland
	District of Columbia	Pennsylvania
	Maryland	
	Pennsylvania	
	Virginia	
	West Virginia	
Seattle	Alaska	Idaho
	Idaho	Washington
	Oregon	
	Washington	

Department of Energy
Washington, D.C. 20585

FEB 11 1980

Mr. J. Dexter Peach, Director
Energy and Minerals Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Peach:

We appreciate the opportunity to review and comment on the GAO draft report entitled "Slow Progress In The Department of Energy's Low-Income Weatherization Program." Our views with respect to the draft recommendations are discussed below.

GAO Recommendation

"...that the Secretary of Energy implement program regulations which will require LAAs (Local Administering Agencies) to select homes to be weatherized from a prioritized list. These regulations should require LAAs to develop and continually update lists of candidate homes ranked in descending order of potential energy savings expected from applying the combinations of priority weatherization measures needed. Selections should then be made from lists of potential energy savings and the need to reach the target population of low-income elderly and handicapped persons."

DOE Comment

We do not concur with this recommendation. GAO stated in the report that all LAA's visited selected homes for weatherization on a "first come first served" basis. We do not believe that this sample represents the universe. Many agencies visited by the DOE Weatherization Assistance Program staff over the past three years establish priority lists on the basis of need. Considerations include health-or-life-threatening situations, the presence of infants or elderly persons, and application by the household for Energy Crisis Assistance funds. DOE endorses the concept of giving priority to those households which require assistance in meeting their fuel bills. Selecting homes to be weatherized primarily on the basis of potential energy savings ignores the human welfare aspects of the program.

Experience does not support the GAO observations concerning potential energy-saving priority ranking. In Fiscal Year 1979, DOE selected an alternative approach and required that States establish priority lists by types of building. Evidence suggests that: (1) the costs of conducting a thorough energy audit of each unit for purposes of establishing a ranking system are greater than the marginal energy savings to be gained by using that ranking; (2) that the Retrotech procedure is not designed to rank individual homes in terms of potential energy savings; and (3) that the LAA's should be allowed flexibility to address community needs within the confines of the State rankings.

GAO Recommendation

"...that the Secretaries of Energy and Labor continue to monitor the labor situation and periodically assess the effectiveness of their efforts to provide sufficient labor for the weatherization program. Waivers permitting DOE weatherization funds to pay for labor costs should be granted only after (1) all reasonable efforts to obtain labor resources have been exhausted and (2) DOE determines that denial of a waiver will cause weatherization funds to remain idle."

DOE Comment

We fully concur with this recommendation. The DOE Special Project Office is in the process of revising the regulations to permit use of DOE funds to pay for labor when Comprehensive Employment and Training Act labor is not available.

GAO Recommendation

"...that the Secretary of Energy revise the program progress reporting system to ensure that the total number of homes weatherized under DOE's and Community Services Administration (CSA) programs are identified and reported accurately..."

DOE Comment

DOE recognizes that accurate reporting has been a problem in the past, but believes the recommendation is currently invalid. Few LAA's have unspent CSA weatherization funds at this date, and the reporting deficiencies presented in the report should no longer be a problem. DOE is currently reviewing and analyzing all reports for FY 1979 accomplishments.

GAO Recommendation

"...that the Secretary of Energy instruct the DOE regional offices, States and LAAs to place more emphasis on providing program benefits to occupants of rental units. These instructions should require LAAs to (1) give equal consideration to candidate homes occupied by renters and owners and (2) eliminate rental units from further consideration only after landlords refuse to sign the agreements required by DOE."

DOE Comment

We agree that increased emphasis should be put on weatherizing renter occupied housing and examining ways to increase assistance through a demonstration project which has been authorized to take place in New York City. Under this project, multi-family buildings may be weatherized if 75 percent of the units are occupied by eligible families. As a part of the project, New York City will examine the issues relevant to renter-occupied, multi-family dwellings which will assist DOE in identifying solutions to those issues. In the meantime, DOE is considering other possible approaches to States assuring that rental units are afforded equitable opportunities for weatherization.

GAO Recommendation

"...that the Secretary of Energy closely monitor the adequacy of administrative funds and, if problems continue, ask the Congress to amend (National Energy Conservation and Policy Act) NECPA to allow the States and LAAs to obtain enough money to effectively manage and monitor the weatherization program."

DOE Comment

We concur with this recommendation.

GAO Recommendation

"...that the Secretary of Energy implement a monitoring system which is designed to provide DOE with the following assurances:

--Financial management systems at the State level are sufficient to provide DOE with accurate reports on financial transactions applicable to the States and LAAs.

--Each State has implemented a system to periodically monitor LAAs and determine if accounting, inventory, and expenditure practices comply with the regulations and guidelines applicable to the weatherization program. The State monitoring systems should also include steps to (1) determine if financial and progress reports prepared by the LAAs are accurate and (2) correct any deficiencies found.

--State monitoring personnel possess sufficient skills to identify and correct accounting, inventory, unallowable expenditure, and reporting problems."

DOE Comment

We concur with this recommendation. Action has been taken to improve monitoring since the GAO review. The DOE Weatherization Special Project Office will consider monitoring as one of its tasks.

GAO Recommendation

"...that the Secretary of Energy require the scope of annual CPA audits of LAAs to include work which will determine if financial management systems meet Federal requirements and if program expenditures are allowable."

DOE Comment

We concur with this recommendation. This matter will also be addressed by the Weatherization Special Project Office.

We appreciate your consideration of these comments in the preparation of the final report and will be pleased to provide any additional information you may desire. Comments of an editorial nature were furnished to members of your staff.

Sincerely,

Jack E. Hobbs

U. S. Department of Labor

Inspector General
Washington, D.C. 20210

FEB 12 1980

Mr. Gregory J. Ahart
Director
Human Resources Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Ahart:

This is in response to your letter to Secretary Marshall requesting comments on the draft GAO report entitled "Slow Progress in the Department of Energy's Low-Income Weatherization Program." The Department's response to those portions of the report pertaining to Department of Labor programs is enclosed.

The Department appreciates the opportunity to comment on this report.

Sincerely,

Marjorie Fine Knowles

MARJORIE FINE KNOWLES
Inspector General

Enclosure

U. S. Department of Labor's Response to the Draft General Accounting Office Report Entitled -- "Slow Progress in the Department of Energy's Low-Income Weatherization Program"

Recommendation: GAO also recommends that the Secretaries of Energy (DOE) and Labor (DOL) and the Director of the Community Services Administration (CSA) continue to monitor the labor situation and periodically assess the effectiveness of their efforts. DOE should grant waivers permitting weatherization funds to pay for labor costs only after (1) all reasonable efforts to obtain labor resources have been exhausted and (2) it determines that denial of a waiver will cause weatherization funds to remain idle.

Response: The Department concurs. On September 7, 1979, the Department of Labor entered into an interagency Action Plan, with the Department of Energy and Community Services Administration, to improve implementation of the weatherization program. Under this plan, DOL was responsible for:

(a) Working with each prime sponsor to come up with a functional match between DOE weatherization funds and CETA subsidized installation labor and for listing the availability of funds by each prime sponsor area.

(b) Requiring CETA prime sponsors to meet in negotiations with local Community Action Agencies (CAA) receiving DOE funds, to review CAA proposals for projects and other weatherization activities through CETA.

(c) Providing national level assistance to the system to solve problems or overcome obstacles in developing a functional DOL-CETA labor match.

(d) Establishing a reporting system to monitor the program and identify, investigate and resolve problems.

(e) Recommending waivers for DOE funds to be used for labor for weatherization activities, where appropriate.

(f) Participation by DOL Regional Administrator in semimonthly meetings with officials of DOE and CSA.

(g) Submission of special cumulative semimonthly reports from the DOL Regional Administrator to the National Office.

(h) Submission of a semimonthly report by DOL to the Domestic Council.

The reporting system established by DOL under the Action Plan required five semimonthly reports from the Regions beginning with October 15 and ending with December 15. These reports include the following information:

(a) Number of prime sponsors reporting.

(b) Total number of positions committed to weatherization.

(c) Number of weatherization labor requests pending.

(d) Total number of weatherization agreements.

(e) Summary of significant problems/progress, and

(f) Summary of administrative development.

The fourth and fifth reports also included a problem log by prime sponsor.

The first report showed 8,871 CETA positions committed to weatherization activities and requests for 1,238 positions still pending. As a result of the effective management system established for DOL plus the commitment and cooperation of the prime sponsors and DOL, there was a tremendous growth in CETA labor committed to weatherization activities for the duration of the Action Plan. The December 15 (fifth report) report showed 19,580 positions committed, an increase of 10,709. In addition, there were 5,497 positions pending.

The national CETA total - 19,580 - projects a sustainment of support comfortably above DOE's national needs projection of 11,000 - 15,000.

Because of the effectiveness of DOL's reporting system under the Action Plan, as evidenced by the tremendous increase in prime sponsor commitments to the weatherization program, it was agreed that the reporting system would be extended.

These new reports would be submitted monthly rather than semimonthly. Also, under the extended plan, National Office DOL would no longer be involved with waiver requests. However, DOL would continue to monitor the progress of the projects closely and provide technical assistance as needed.

GAO

United States General Accounting Office
Washington, DC 20548

Human Resources
Division

B-198024

May 20, 1980

The Honorable James R. Jones
House of Representatives

Dear Mr. Jones:

Subject: Poor Management Has Reduced the Effectiveness of Tulsa Human Services Agency Programs (HRD-80-62)

This report is in response to your April 28, 1979, letter, requesting that we review the administration of the Tulsa Human Services Agency, the community action agency for Tulsa County, Oklahoma. During our May 30 meeting with you, we agreed to:

--Identify Tulsa Agency managerial problems in general, and specifically in its energy assistance and weatherization programs.

--Recommend ways to correct such problems.

Subsequently, we met with your Tulsa staff to discuss complaints it had received about the Tulsa Agency programs. The staff asked that we explore the feasibility of coordinating the weatherization program with the Tulsa Jaycees' winterizing projects and the activities of local vocational technical schools.

We interviewed headquarters and regional officials of the Community Services Administration, the Department of Labor, and the Department of Energy and officials of the Oklahoma Department of Economic and Community Affairs, the Tulsa City Manpower Planning Division, and the Tulsa County Department of Social Services. Also, we met with current and former board members and staff of the Tulsa Agency. We reviewed and analyzed Tulsa Agency files for the period January 1978 through September 1979, visited selected weatherization projects, and spoke with selected weatherization and energy assistance program applicants.

(013944)

We noted that because of poor management some of the Tulsa Agency programs, especially the energy assistance and weatherization programs, have not been as effective as they might have been. Major problems existed in planning, organization, implementation, monitoring and followup, and asset control. We believe corrective actions taken and planned, particularly in the areas of training, procedures development, and staffing, should help improve the effectiveness of the Tulsa Agency's programs. However, more needs to be done to improve management of these programs. The results of our review are discussed in more detail in the enclosures.

As you agreed, we obtained the views of Community Services Administration, Department of Energy, and Tulsa Agency officials concerning the contents of our draft report. Community Services Administration and Department of Energy officials basically agreed with the matters in the report and provided us with additional information. Tulsa Agency officials disagreed with several issues; a major concern was that we had not sufficiently discussed Tulsa Agency accomplishments. Comments made by these agencies are included in the enclosures where appropriate.

As arranged with you, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days. At that time, we will send copies to interested parties and make copies available to others on request.

Sincerely yours,

Gregory J. Ahart

Gregory J. Ahart
Director

Enclosures - 2

Contents

ENCLOSURE		Page
I	REVIEW OF THE ADMINISTRATION OF THE TULSA HUMAN SERVICES AGENCY	1
	Organizations responsible for programs at the Tulsa Human Services Agency	1
	Tulsa Agency	1
	Community Services Administration	2
	Department of Energy and Oklahoma Department of Economic and Community Affairs	3
	Department of Labor and Tulsa Manpower Planning Division	3
	Tulsa Agency has been managed poorly but improvements are underway	4
	CSA critical of Tulsa Agency management	4
	Tulsa Agency lacks a needs-based plan for serving Tulsa County residents	5
	Tulsa Agency has failed to establish an effective organization to implement Agency programs	7
	Tulsa Agency program implementation does not assure county residents' needs are met effectively	12
	Tulsa Agency monitoring and followup activities need improvement	15
	Tulsa Agency lacks adequate control over assets	16
	Recommendations	17
II	TULSA HUMAN SERVICES AGENCY FISCAL YEARS 1978-80 BUDGETS	19

ABBREVIATIONS

CAA	community action agency
CETA	Comprehensive Employment and Training Act
CSA	Community Services Administration
DECA	Department of Economic and Community Affairs
DOE	Department of Energy
GAO	General Accounting Office
OCA	Office of Community Advocacy

REVIEW OF THE ADMINISTRATION OF THE TULSA HUMAN SERVICES AGENCY

ORGANIZATIONS RESPONSIBLE FOR PROGRAMS AT THE TULSA HUMAN SERVICES AGENCY

Several Federal, State, and local organizations are responsible for programs at the Tulsa Human Services Agency. Basically, their responsibilities are to fund the programs and monitor their implementation.

Tulsa Agency

The Tulsa Agency is a nonprofit community action agency (CAA), established to help eliminate poverty in Tulsa County. The Agency operates several antipoverty programs which are more than 95-percent federally funded. Its budget declined from $2.9 million in fiscal year 1978 to $2.3 million in 1979 and 1980. (See enc. II for sources and amounts of funding for these years.)

In addition to the energy assistance, weatherization, and community advocacy activities (including the Indian Emphasis project), the Tulsa Agency has four programs--Community Food and Nutrition, Tulsa County Head Start, Elderly Nutrition, and Neighborhood Regeneration. We did not review these four programs because your office did not identify them as being the subject of complaints. However, we did discuss overall Tulsa Agency administration and problems with staff members of these programs. An official from the Oklahoma Department of Economic and Community Affairs (DECA) informed us that the Tulsa Agency Head Start program has recently been rated one of the five best Head Start programs in Oklahoma.

The Community Services Administration (CSA) and the Department of Energy (DOE) funded the weatherization program in 1978 and 1979 at about $170,000 and $123,000, respectively. The program was to

--improve living standards of low-income homeowners,

--provide necessary home repairs and insulation, and

--provide consumer and educational information and legal assistance when necessary to alleviate high energy costs of the low-income population.

CSA funded the energy assistance program for about $400,000 during 1978 and 1979, to provide one-time emergency assistance to low-income persons when high energy costs result from extremely cold weather and rising fuel costs.

The Office of Community Advocacy (OCA) at the Tulsa Agency is funded by CSA. OCA budgeted $298,025 for 1979 and had received a similar amount in 1978 as the Neighborhood Leadership Grant program. OCA was to

--act as an advocate for the low-income community,

--use the community's economic decisionmaking processes to upgrade economic and social environments of low-income persons, and

--program activities to make the low-income community self-sufficient.

The Neighborhood Leadership Grant program and OCA funded the Indian Emphasis project for $34,695 during each of the years 1978 and 1979. This project was to keep the Agency apprised of Tulsa's Indian community needs. The Indian Emphasis project could not document what was accomplished since 1975, other than publication of a newspaper. The chairman of the Tulsa Agency board told us that the Agency had recommended defunding of this project in the fall of 1978. During June 1979, CSA questioned the project's operation and its success in identifying Indian needs. In July 1979, the Tulsa Agency decreased the project's 1980 budget by one-half to $17,345. The project is to become self-sufficient during 1980.

The Tulsa Agency board of directors and its appointed officers are responsible for assuring that the Agency programs' objectives are achieved.

Community Services Administration

CSA, as successor to the Office of Economic Opportunity, is the Federal agency responsible for developing, testing, and administering various programs to eliminate poverty in the United States.

CSA programs are administered through about 900 CAAs nationwide. These agencies are locally controlled public or private nonprofit organizations which receive CSA grants to cover basic administrative costs. CAAs administer a wide variety of programs funded by Federal, State, and local agencies in addition to CSA programs.

CSA is responsible for assuring that CAAs fulfill their responsibilities as advocates for the poor and that CSA-funded programs are administered effectively. CSA's Dallas regional office is to see that these responsibilities are met by the Tulsa Agency.

Department of Energy and Oklahoma Department of Economic and Community Affairs

DOE grants weatherization funds to States, which redistribute them to local administering agencies (including CAAs) for program implementation. DECA is the grantee for Oklahoma. DECA redistributes these funds to various agencies including the Tulsa Agency, monitors their activities, and provides them training and technical assistance. DOE's Dallas regional office is responsible for monitoring DECA weatherization activities and has provided seminars on weatherization project demonstration procedures.

Department of Labor and Tulsa Manpower Planning Division

The Department of Labor, through local prime sponsors, provides Comprehensive Employment and Training Act (CETA) workers at no cost to weatherization and other programs. Weatherization programs have required, to the maximum extent practicable, that CETA workers perform the weatherization work. The National Energy Conservation Policy Act requires Labor, CSA, and DOE to work together to secure CETA support for federally assisted weatherization programs.

At Tulsa, CETA's sponsor is the city's Manpower Planning Division, which monitors subgrantees' utilization of CETA workers in a three-county area. The Tulsa Agency is a subgrantee with 23 CETA worker positions, of which 21 are weatherization program positions.

TULSA AGENCY HAS BEEN MANAGED POORLY BUT IMPROVEMENTS ARE UNDERWAY

The Tulsa Agency has had significant management deficiencies. Essentially, the Agency has not adequately determined the needs of its Tulsa County citizens or planned programs to effectively meet those needs. Also, it has not established an effective organization to administer its programs. These deficiencies have caused many problems with program implementation, program monitoring and followup, and asset control.

Improvements have been made, or are planned, which should help to alleviate this situation. CSA and DOE are developing training programs for CAA board members and staff; DECA plans to begin providing needs assessment training to Oklahoma CAAs in 1980; and the Tulsa Agency has developed, or plans to develop, improved procedures for its administrative and program functions.

CSA critical of Tulsa Agency management

CSA has been very critical of Tulsa Agency management. In 1976, CSA reported that management-related problems (inherited by the Agency's new executive director) included delegation of authority, accountability, training of program staff, community image, and determining needs and priorities of the poor.

Three years later, that executive director was criticized for the same problems in a CSA report. CSA requested the Tulsa Agency board of directors to respond within 45 days with a plan for handling the identified management deficiencies. The board of directors submitted a timetable to correct the problems and established a board committee to help resolve the problems. The committee's August 8, 1979, report generally agreed with CSA's findings and recommended immediate corrective action through (1) limiting the executive director's supervisory responsibilities to three managers and (2) working on a wage comparability study. (See pp. 7, 8, and 10.)

CSA officials indicated that close monitoring of Tulsa Agency activites is called for, but CSA does not have sufficient travel funds or staff to do so.

Tulsa Agency lacks a needs-based plan for serving Tulsa County residents

The Tulsa Agency does not have a formal, systematic process for determining the needs of the poor in Tulsa County. CSA and Tulsa officials agreed that an ongoing comprehensive needs assessment is necessary to help the Agency develop a plan enabling it to effectively serve as the advocate and service provider for the poor.

The Tulsa Agency executive director and program directors generally agreed that the Agency does not make comprehensive needs assessments. Seemingly, they consider their needs to be those that can be met by existing programs. The Agency's board chairman indicated there was no way to make a comprehensive needs assessment because of a lack of funds to train people to make such assessments. He said, however, that needs assessments are made for the Agency's Head Start and Elderly Nutrition Programs. It appears that the Agency's ability to perform comprehensive needs assessments has been further hindered, in that the planning manager, who would direct such activities, resigned about February 1980.

One CSA headquarters official was concerned that CAAs did not revise their programs to reflect changing needs in the communities. He also indicated that one problem with CAA needs assessments is the outdated 1970 census data used by the Agency and other CAAs. Without knowing current community needs, an agency cannot develop a plan for effectively serving the poor. Without such a plan, the Agency has no assurance that it is serving effectively as an advocate and service provider.

The Tulsa Agency cannot be sure whether its resource allocations are meeting Tulsa County needs. To the extent possible, services should be available to all low-income residents of Tulsa County. However, the Agency tends to provide most of its services to the northern sector of the city.

The Agency's three neighborhood offices are all in north Tulsa within a 3-mile radius of the Agency's central office. We took a random sample of energy assistance program recipients to determine, among other things, the extent to which they lived in north Tulsa. Eighty-five percent of our sample of 362 were in north Tulsa. Sixty-nine percent of the 72 weatherization projects reported by the Tulsa Agency as completed, also were in north Tulsa. The Agency's executive director said that most of Tulsa County's low-income residents live in that area. The board chairman also indicated this and said that the 1980 census data would show a higher percentage of the poor living in north Tulsa. In response to our comment that the Agency had not documented this, he said that the allocation of services to the north Tulsa area is based on Community Development Block Grant data derived from 1970 census data.

We analyzed the 1970 census data for Tulsa County and determined that only about one-half of the Tulsa County poor and near poor individuals and families lived in north Tulsa as follows:

	Individuals	Families
	(percent)	
Poor (note a)	51	51
Poor and near poor (note b)	52	48

a/100 percent of poverty level.

b/125 percent of poverty level.

Improvements are on the horizon. CSA's fiscal year 1980 funding plan for community action programs has been written to encourage CAAs to make more needs assessments. This will be handled by the CSA regions giving more funds to those CAAs that recognize changing community needs. CSA has developed board of directors' training modules, including one for needs assessment. It is presently training individuals in the regions who will provide training to the boards. Furthermore, DECA is developing a needs assessment seminar for Oklahoma CAA staffs. The seminar is to be presented before July 1, 1980, and include a discussion of needs assessment instruments. It is important that the Tulsa Agency develop a formal, systematic needs assessment using the 1980 census data when they become available.

Tulsa Agency has failed to establish an effective organization to implement Agency programs

Tulsa Agency management has not established an effective organization to implement programs for Tulsa County residents. To effectively serve the community, an organization should clearly define the lines of authority and expeditiously assign responsibility for carrying out its mission to a staff that is ready and able to meet community needs. The Tulsa Agency has not

--established clear lines of authority,

--made timely appointments of and retained officials,

--provided adequate program guidelines,

--assured competitive salaries for staff,

--had adequate procedures to determine staff location, or

--actively sought cooperation with local agencies in providing service to Tulsa County residents.

The Agency has a poor management record, and the executive director told us that he needs management training. The failure to establish an efficient organization has reduced the effectiveness of Agency programs.

Agency lines of authority were unclear or not followed

Lines of authority were unclear or not followed at the Tulsa Agency. Organizations generally operate most effectively when lines of authority and related responsibilities are clearly defined and followed. According to the CSA field representative, the executive director got too involved with individual program management and tried to run the programs himself. Some staff members told us that a supervisor's decision might be overruled by other supervisors not having such authority or by the executive director without discussing the matter with the supervisor making the decision.

These actions apparently caused confusion within the organization and contributed to the staff's ineffective implementation of certain programs, especially energy assistance and weatherization.

An organization chart approved August 15, 1979, better defined Agency lines of authority. Also, the board of directors' management committee counseled the executive director and redefined his role at the Agency. That role is to work with the deputy director, business manager, and planning director, and to be liaison between the board and staff. This is intended to keep the executive director from excessive involvement with program operations, allowing him more time to focus on matters requiring his attention.

Need for timely appointment and retention of responsible officials

Some Tulsa Agency activities have operated without directors for extended periods. The 1978 and 1979 weatherization and energy assistance programs, for example, have been overseen part time by the executive and deputy directors. Agency officials said it was difficult to find directors and funds were not always available to hire them. A DECA official told us that DOE had not provided adequate funding to hire a weatherization program director, but it did provide funding for a weatherization supervisor. The Agency did not hire a weatherization supervisor. The Agency's first weatherization program director was appointed in June 1979. The DECA official said that the Agency used CSA funds to pay the director until about February 1980, when it learned it could use DOE funds because the director was being used as a supervisor.

Subsequently, the Tulsa Agency appointed an energy assistance coordinator. The Governor of Oklahoma has chosen the State's Department of Institutions, Social and Rehabilitative Services to administer the 1980 energy assistance program and requested that it coordinate with DECA. The State's Department of Institutions provided some CSA fiscal year 1980 energy assistance funds to all Oklahoma CAAs, to acquire coordinators to provide outreach to those not receiving State aid and to address energy needs the State is unable to address.

A CSA official indicated that the Agency's planning manager recently resigned, and the board has deleted the position. Also, the Director of the Office of Community Advocacy has resigned to take a better position. He believes these vacancies can only compound the Agency's management problems. He said:

> "There seems to be a swinging door effect. Employees continue to come and go, especially at the middle-management level, thus retarding any continuity that the agency might have. As new people come on board, there has to be an orientation and training period. By the time they are familiar with what is going on, they are on their way to better jobs."

He also said that the board recognized the problem and contracted for a managerial systems analysis. It received the contractor's report during July 1979, and is using the information to improve its operations.

Staff salaries cause turnover

Low salaries at the Tulsa Agency appear to be causing staff turnover. CSA and DECA officials agree that competitive salaries are necessary to assure the recruitment and retention of highly qualified staff at CAAs. Agency annual salaries for some positions, such as secretary and receptionist, barely surpass the Federal minimum wage standard. In fact, the employees' hourly wages are less than wages paid to CETA workers at the Agency. Many staff members qualify for programs the Agency administers for low-income residents. Most of the Tulsa Agency staff interviewed indicated that low salaries had contributed to high turnover at the Agency. Several of them said they were seeking other employment or would take it if offered.

CSA reported that the executive director at Tulsa was reluctant to hire managers at a reasonable salary level or to increase employee salaries. This occurred, CSA indicated, because of the executive director's response to criticisms of the Agency and his belief that others should be willing to work for lower salaries since he was willing to do so.

Another CSA official stated that CAAs should do wage comparability studies annually, and that recommending salary increases for Agency staff is the executive director's responsibility. The Tulsa Agency board of directors' management committee stated that the present wage scale is sometimes so low that, after a staff member becomes really competent in a job, employment is sought elsewhere. At the time of our review, the committee was conducting a wage comparability study on employee salaries.

Agency staff whereabouts should be known

Tulsa Agency management does not have an adequate system to assure that employees are on duty. During our review, several Agency staff members, supervisors, and directors were frequently difficult to locate, because the Agency did not have a system to show their locations. We also observed some employees arriving at work an hour late, while some left an hour or more early. Agency staff indicated that employees were generally not charged leave for such absences.

Although a timeclock was prominent inside the front entrance of the Tulsa Agency, few employees used it. One employee was observed using the timeclock for several timecards. CSA officials, when told of such incidents, were concerned that, if timeclock procedures were not followed, employees could be paid for time not worked.

Tulsa Agency officials promised prompt action. They told us that employees would be required to report locations to their unit or to the receptionist when absent from duty stations during regular duty hours, and employees would be notified to follow current timecard requirements. This should help to assure that the Agency pays only for employee services received, and that employees are accessible during duty hours.

Board of directors activities not adequately documented

Tulsa Agency records from January 1978 through June 1979 were inadequate to document attendance and activities at board meetings. Furthermore, the Agency did not have written procedures for documenting board activities. Minutes were unavailable for regular board meetings in January, May, and June 1978.

Also, quorums at 4 of 15 meetings could not be documented, but voting on issues had occurred. CSA found discrepancies in board attendance records, and recommended that board members sign attendance rosters. CSA officials told us they would consider disallowing costs that a CAA board authorizes in any meeting held without a quorum and would consider such meetings invalid. Tulsa Agency officials said that written procedures for documenting board activities would be developed.

Need to improve cooperation with local agencies

Tulsa Agency management has not had the effective cooperation of potentially supporting organizations. This cooperation is critical if an agency is to assure that maximum resources are focused on the needs of the poor, and that duplication and overlap of activities and services are minimized. In January 1979, a CSA official reported that the Agency did not have a public relations effort, had no one assigned that duty, and a board of directors' committee was formed to address the matter. The committee suggested that the executive director duties include public relations activities. The board subsequently required the executive director to begin such activities.

We contacted representatives of the Tulsa Jaycees and Tulsa vocational-technical schools, who indicated their willingness to cooperate with the Tulsa Agency weatherization program. The executive director and weatherization program director later stated that they contacted a local vocational-technical school to discuss having the school provide students to work on weatherization projects and also provide training to the Agency's weatherization program staff; however, they had no plans to coordinate with the Tulsa Jaycees on winterizing projects, because earlier attempts had failed.

We believe that the Tulsa Agency should place high priority on getting the cooperation of other organizations that provide services to the poor.

Tulsa Agency program implementation does not assure county residents' needs are met effectively

The Tulsa Agency did not use adequately trained and experienced staff to process and evaluate applications for the energy assistance and weatherization programs. As of September 1979, more than 200 applications had been taken during 1976-79 for the weatherization program, and more than 800 for the 1979 energy assistance program.

CETA employees without sufficient administrative skills were being used by the Tulsa Agency to interview energy assistance and weatherization program applicants and to process their applications. These tasks were performed without the direct supervision, training, and operating procedures needed to assure that program objectives and eligibility requirements were being met. Therefore, applications for the energy assistance and weatherization programs were not completed, recorded, or filed in a manner allowing one to readily determine (1) the status of individual applications, (2) the number of applications taken or processed, or (3) the location of all applications. Also, no priority system was used to process program applications. According to Agency officials, they intend to write appropriate procedures for all administrative and program functions.

During our visit we noted many energy assistance program applications in cardboard file boxes in an unlocked room. Other applications were found in the business office, at an outreach office, and mixed in with weatherization program files. Weatherization program applications were found in several unlocked file cabinets, on top of file cabinets, in another office, on or under desks, in file boxes on the floor, and on the carpet. No one could assure us that all applications taken were still on file for either program.

CSA officials stated that energy assistance was not to be provided on a first-come-first-served basis, rather priority was to be given to the elderly poor. Tulsa Agency officials informed us that applicants for its programs were handled first come, first served. However, we found several applications dated in 1978 processed before others dated in 1977.

Energy assistance program staff had approved benefits for themselves and other Agency staff who applied for the program. Tulsa Agency officials and CSA agreed that such approval should be made by the executive or deputy director.

Weatherization project work was substandard, delayed, inadequately inspected, and few projects were completed, but improvements are reported

We visited five weatherization projects which were worked on before June 1979. Much of the work observed was substandard or significantly delayed at all five projects, and none had been adequately inspected. We are not experts on home weatherization, but conditions noted were such that the deficient work was obvious. For example, we found the following:

--An interior door was installed in an outside doorway.

--Weatherization materials were delivered to the site in June 1978, but over a year later work was still substantially incomplete.

--Window caulking was applied unsmoothly and excessively.

--Work was started during December 1978, but as of September 1979, only about one-fourth of a roof needing repair had been covered with roofing paper.

--Three missing windows were not replaced before installing storm windows.

Improvements were observed in homes worked on after a weatherization program director was appointed. We believe the lack of close supervision contributed to the poor quality we observed on weatherization projects. CETA workers initially are not expected to be proficient in doing their job, and generally require training to become proficient. Closer supervision could have identified the inadequacies and training needed.

The Agency has improved the rate of weatherizing homes. Agency files and information given to us by the weatherization director indicated that of 72 weatherization projects started during the period fiscal years 1977 through August 1979, 2 were completed during fiscal year 1977, 5 were completed in fiscal year 1978, and 32 were completed during fiscal year 1979 (through August). Also, during fiscal year 1979 (through August), the remaining 33 homes were completed except for insulation. This work was subsequently completed. Twenty-three homes were shown as completed or completed except for insulation during the 2-month period after the program director was appointed.

The CETA sponsor decided in May 1979 to discontinue providing CETA positions to the Tulsa Agency, based on inadequate supervision of CETA employees. However, the CETA positions were later reinstated when DECA and CSA officials suggested continuance, and the Tulsa Agency promised improvements. The CETA sponsor plans to reevaluate Agency supervision at least every 6 months.

A DECA official informed us that DECA had decided not to give Tulsa weatherization funds for fiscal year 1980, but reversed this decision when the program began to improve under the recently appointed program director. To assure continued progress, a DECA representative increased monitoring and technical assistance visits to the Tulsa Agency's weatherization program from one day each month to one day each week. A November 1979 DECA report indicated that the Tulsa Human Services Agency's weatherization program has significantly increased its services to the poor throughout the Tulsa area. A DECA official said that the quality of workmanship is now excellent and program recordkeeping is improving. It appears that the Agency management's appointment of a program director contributed significantly to the improved quality and increased number of weatherized homes.

DOE officials said DOE has taken steps to improve its weatherization program. Among these steps is development of a training module for training CETA workers in the skills necessary for weatherization programs. Training of individuals who will provide this training has just begun. After DOE makes finalized training modules available to the States, the States are to decide when to provide the training to the programs' CETA workers. Trainers in Oklahoma were trained in early March 1980. DOE is also taking action to strengthen program monitoring by preparing a manual to be used as a guide by States in monitoring CAA activities to achieve program goals.

best copy available

Tulsa Agency monitoring and followup activities need improvement

Tulsa Agency monitoring and followup activities have been inadequate. Such activities can provide management information for improving program operation. DECA and CETA monitoring efforts have caused improvements in the weatherization program. CSA monitoring, during 1979, has been very critical of Tulsa Agency management.

Complaints to the Agency need to be monitored

Complaints to the Agency have not been adequately monitored. Improved monitoring could help Agency management identify and resolve program problems.

Agency officials admitted that complaints about the Agency and its programs are numerous and frequent, and the Agency is not sure whether complaints are resolved promptly. Officials told us that they would set up a centralized system ensuring that all complaints are identified and resolved satisfactorily. The Agency plans to use this information to provide immediate on-the-job training and improve operating procedures.

Inadequate followup on audit reports

The Tulsa Agency has not adequately followed up on audit deficiencies. This information could be used by management to improve Agency programs and administration.

Before this review, the Agency was included in a GAO nationwide review concerning energy assistance to the poor. Agency officials attempted to correct only deficiencies identified on sampled program applications and ignored the remaining applications. In June 1979, CSA was still waiting for the Tulsa Agency to resolve audit deficiencies identified during certified public accounting firm audits for 1976 and 1977. A CSA representative reported that the Tulsa Agency management showed a "cavalier" attitude toward audit reports and costs disallowed by CSA.

Agency control over contracts should be improved

The Tulsa Agency indicated that it had entered into 20 contracts during fiscal year 1979. Fifteen of these totaled about $107,000, and the remainder were open-ended contracts showing no amount. The contracts included a variety of purposes, such as operating a Summer Head Start program, leasing buildings, and identifying ways to improve Agency management.

We noted that the Agency did not have a central list of all contracts to provide information on purpose, products to be delivered, and delivery and use of products. Such a list would be useful to both Agency and CSA management to facilitate the review of the effectiveness of Agency contracting activities. Agency officials agreed that such a list is needed.

Tulsa Agency lacks adequate control over assets

The Tulsa Agency has not safeguarded its assets adequately. To help assure program effectiveness, it is important that Agency assets are used solely for the respective programs. An audit firm and the Agency's business manager brought the assets control problem to the attention of Agency management during June 1978 and May 1979, respectively. The audit firm reported that 26 items, including typewriters, calculators, tape recorders, and duplicating machines, with a stated value of $7,335, could not be located. During our review another item, a power mower, could not be located.

Although CSA officials said police reports are required for stolen equipment at CAAs, such reports were not furnished CSA by the Tulsa Agency. We found no inventory control documents for weatherization program materials. According to the Agency's business manager, inventory items disappear frequently; safeguarding such items is difficult, because of inadequate storage facilities; and Agency procedures are needed to safeguard and account for the items.

The Agency's executive and deputy directors told us that procedures will be developed to safeguard and monitor inventory items. DOE officials said that DOE has developed a training module for fiscal management. As with the training module for CETA workers, the training for trainers has just begun and in Oklahoma, was completed in early March 1980.

RECOMMENDATIONS

We recommend that the Director of CSA require that the Tulsa Agency board of directors assure that policies and procedures are developed and implemented for

--making comprehensive needs assessments of Tulsa County's low-income residents using 1980 census data as soon as possible;

--clearly defining lines of authority and related responsibilities;

--appointing program directors promptly;

--providing necessary training for board members and program directors to improve Agency operations;

--providing necessary guidance, training, and supervision for its staff;

--making periodic wage comparability studies so it will know what salary levels need to be paid Agency staff to be competitive with other employers in the area;

--seeking cooperation of local organizations that provide services to the poor and elderly;

--managing its administrative, contracting, and program functions; and

--improving its monitoring and followup of (1) complaints to the Agency and (2) audit report findings.

CSA should expedite its development of training for CAA board members, directors, and staff. Such training could help fulfill CAAs' needs in general, and the Tulsa Agency's needs in particular.

CSA should closely monitor the Tulsa Agency activities to help assure that Agency management continues to improve.

We also recommend that the Secretary of Energy assure continued close monitoring of the Tulsa Agency's weatherization program by DECA so that Tulsa County's low-income residents are served efficiently, effectively, and fairly. Such monitoring should consider the adequacy of training, guidance, and supervision of program employees and CETA workers; control of program supplies; and allocation of program resources.

Source of funding	FY 1978		FY 1979		FY 1980	
	Budget amount	Percent of total	Budget amount	Percent of total	Budget amount	Percent of total
Community Services Administration:						
Program Administration	$ 197,508	6.7	$ 199,313	8.7	$ 199,313	8.8
Neighborhood Leadership Grant (note a)	292,468	10.0	-	-	-	-
Office of Community Advocacy (note b)	-	-	298,025	13.0	324,249	14.3
Weatherization Program (note c)	107,513	3.7	d/83,817	3.7	-	-
Energy Assistance Program	171,956	5.9	222,371	9.8	-	-
Community Food and Nutrition	84,301	2.9	52,553	2.3	25,929	1.1
Total (CSA)	853,746	29.2	856,079	37.5	549,491	24.2
Department of Health, Education, and Welfare (HEW) (note e)	990,588	33.8	973,091	42.6	1,152,447	50.9
Department of Energy (Weatherization Program) (note c)	62,085	2.2	39,475	1.7	109,000	4.8
Community Development Block Grant	823,336	28.1	239,167	10.5	240,000	10.6
Office of Minority Business Enterprise	135,000	4.6	135,000	5.9	200,000	8.8
Oklahoma Department of Economic and Community Affairs	9,266	0.3	8,124	0.4	15,000	0.7
KIBOIS (HEW Handicapped Funds)(note f)	37,137	1.3	14,993	0.7	0	0.0
Tuition (Child Care)	15,160	0.5	15,160	0.7	0	0.0
Total	$2,927,118	100.0	$2,281,089	100.0	$2,265,938	100.0

a/Budget amount includes $34,695 for the Indian Emphasis project.

b/Budget amounts for fiscal years 1979-80 include $34,695 and $17,345, respectively, for the Indian Emphasis project.

c/Total CSA and DOE funds available for the weatherization program for fiscal years 1978-79 were $170,398 and $123,292, respectively. These amounts include carryovers from the previous years so there is some duplication in the amounts. At the time of our fieldwork, all funds had not been received for fiscal year 1979.

d/Tulsa Agency did not receive weatherization funds from CSA during fiscal years 1979-80; however, as indicated in note c above, CSA funds were carried forward to fiscal years 1978-79.

e/On May 4, 1980, a separate Department of Education was created. The part of HEW providing this funding became the Department of Health and Human Services.

f/The part of HEW providing this funding became the Department of Education. (See note e.)

Congressional Research Service
The Library of Congress

Washington, D.C. 20540

April 30, 1980

TO : Subcommittee on Human Resources
Attention: Gordon Raley

FROM : Kenneth Cahill
Analyst in Social Legislation
Education and Public Welfare Division

SUBJECT : Poverty and Lower Living Standard Estimates

Enclosed please find the information you requested on the number of households (also families and unrelated individuals) below various levels of the poverty line and the Bureau of Labor Statistics' lower living standard.

Table A contains our estimate of the number of households below 85, 100, and 125 percent of the lower living standard. It also shows the number of households containing families below 125 percent of the poverty line. Table B gives estimates of the number of families and unrelated individuals in several poverty line groupings. Families and unrelated individuals are the usual manner in which the Census Bureau reports poverty statistics (in addition to person counts). There are approximately 10 percent more families and unrelated individuals than households in the U.S., so that estimates of the number of families and unrelated individuals below a given poverty line will be slightly higher than the number of households below that line.

The Bureau of Labor Statistics does not publish estimates of the number of persons or households below their family budget levels. For use in energy assistance, and weatherization legislation, CRS developed the estimates shown in Table A. The estimates were computed by applying the lower living budgets to household income on the 1976 Survey of Income and Education. The dollar amounts of the lower living level varied by family size, metropolitan status, and State. Since BLS does not publish a separate budget for each State, the regional and SMSA budgets which they do publish were adapted to yield a figure for each State. The estimates in Table A should be considered provisional and subject to revision.

I am enclosing a copy of the news release which accompanied the autumn 1978 BLS family budgets for your information. It gives information on the method used to determine each of the family budgets.

If you have any questions please feel free to call (287-5885).

UNIVERSE IS ALL U.S. HOUSEHOLDS

HH WEIGHT

TABLE A

	TOTAL U.S.				OWNER OCCUPIED				RENTER OCCUPIED			
	BELOW 125 PERCENT POVERTY	BELOW 85 PERCENT BLS LLS	BELOW 100 PERCENT BLS LLS	BELOW 125 PERCENT BLS LLS	BELOW 125 PERCENT POVERTY	BELOW 85 PERCENT BLS LLS	BELOW 100 PERCENT BLS LLS	BELOW 125 PERCENT BLS LLS	BELOW 125 PERCENT POVERTY	BELOW 85 PERCENT BLS LLS	BELOW 100 PERCENT BLS LLS	BELOW 125 PERCENT BLS LLS
Total.............	13748220	13661017	17999968	24963714	5,962224	6,190631	8,638325	13029176	7,785997	7,470386	9,361643	11934538
Percent	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
MAINE.............	74,264	77,119	102,749	148,002	40,504	44,642	61,408	93,584	33,759	32,476	41,341	54,418
P	.54	.56	.57	.59	.68	.72	.71	.72	.43	.43	.44	.46
NEW HAMPSHIRE.............	42,311	45,944	65,897	95,875	18,090	20,811	33,444	53,333	24,221	25,133	32,453	42,543
P	.31	.34	.37	.38	.30	.34	.39	.41	.31	.34	.35	.36
VERMONT.............	36,097	35,943	47,324	66,027	16,104	17,622	24,885	37,930	19,993	18,321	22,439	28,089
P	.26	.26	.26	.26	.27	.28	.29	.29	.26	.25	.24	.24
MASSACHUSETTS.............	289,931	319,938	441,460	628,594	82,668	114,126	169,349	275,096	207,263	205,811	272,112	353,498
P	2.11	2.34	2.45	2.52	1.39	1.84	1.96	2.11	2.66	2.76	2.91	2.96
RHODE ISLAND.............	56,629	63,021	82,578	115,466	17,866	21,850	31,273	52,679	38,763	41,170	51,305	62,787
P	.41	.46	.46	.46	.30	.35	.36	.40	.50	.55	.55	.53
CONNECTICUT.............	132,403	146,184	199,560	292,241	45,929	50,522	79,313	136,610	86,473	95,662	120,246	155,631
P	.96	1.07	1.11	1.17	.77	.82	.92	1.05	1.11	1.28	1.28	1.30
NEW YORK.............	1,134387	1,191136	1,572855	2,177156	303,795	341,773	508,131	829,572	830,592	849,364	1,064724	1,347584
P	8.25	8.72	8.74	8.72	5.10	5.52	5.88	6.37	10.67	11.37	11.37	11.29
NEW JERSEY.............	322,831	362,459	479,722	680,408	114,608	129,998	191,245	306,684	208,223	232,461	288,477	373,724
P	2.35	2.65	2.67	2.73	1.92	2.10	2.21	2.35	2.67	3.11	3.08	3.13
PENNSYLVANIA.............	708,630	763,858	1,022928	1,451869	328,293	373,238	538,082	848,702	380,337	390,620	484,845	603,166
P	5.15	5.59	5.68	5.82	5.51	6.03	6.23	6.51	4.88	5.23	5.18	5.05
OHIO.............	577,301	583,786	769,125	1,137860	247,328	256,222	373,327	640,189	329,973	327,564	395,798	497,671
P	4.20	4.27	4.27	4.56	4.15	4.14	4.32	4.91	4.24	4.38	4.23	4.17
INDIANA.............	267,735	288,170	391,373	580,148	140,688	158,845	226,109	357,485	127,047	129,325	165,264	222,663
P	1.95	2.11	2.17	2.32	2.36	2.57	2.62	2.74	1.63	1.73	1.77	1.87
ILLINOIS.............	598,610	610,909	775,502	1,109605	201,012	221,561	309,081	500,011	397,598	389,348	466,421	609,593
P	4.35	4.47	4.31	4.44	3.37	3.58	3.58	3.84	5.11	5.21	4.98	5.11
MICHIGAN.............	504,104	491,068	651,052	899,625	256,378	268,829	376,395	577,544	247,726	222,239	274,657	322,082
P	3.67	3.59	3.62	3.60	4.30	4.34	4.36	4.43	3.18	2.97	2.93	2.70
WISCONSIN.............	221,719	207,462	301,132	443,757	112,794	116,585	177,826	273,937	108,925	90,877	123,306	169,821
P	1.61	1.52	1.67	1.78	1.89	1.88	2.06	2.10	1.40	1.22	1.32	1.42
MINNESOTA.............	215,469	212,077	291,041	427,279	112,336	121,282	170,680	266,607	103,133	90,795	120,361	160,672
P	1.57	1.55	1.62	1.71	1.88	1.96	1.98	2.05	1.32	1.22	1.29	1.35
IOWA.............	156,088	157,057	215,759	312,929	85,630	92,022	129,653	200,683	70,459	65,035	86,105	112,246
P	1.14	1.15	1.20	1.25	1.44	1.49	1.50	1.54	.90	.87	.92	.94
MISSOURI.............	358,246	353,723	467,377	638,003	192,763	199,941	272,814	385,443	165,483	153,782	194,563	252,561
P	2.61	2.59	2.60	2.56	3.23	3.23	3.16	2.96	2.13	2.06	2.08	2.12

Source: 1976 Survey of Income and Education

A (cont.)

	T				OWNER OCCUPIED				RENTER OCCUPIED			
	BELOW 125 PERCENT POVERTY	BELOW 85 PERCENT BLS LLS	BELOW 100 PERCENT BLS LLS	BELOW 125 PERCENT BLS LLS	BELOW 125 PERCENT POVERTY	BELOW 85 PERCENT BLS LLS	BELOW 100 PERCENT BLS LLS	BELOW 125 PERCENT BLS LLS	BELOW 125 PERCENT POVERTY	BELOW 85 PERCENT BLS LLS	BELOW 100 PERCENT BLS LLS	BELOW 125 PERCENT BLS LLS
NORTH DAKOTA........	38,099	35,087	50,074	71,204	20,520	22,160	29,113	42,019	17,579	15,928	20,961	28,355
P	.28	.28	.28	.29	.34	.35	.34	.33	.23	.22	.22	.24
SOUTH DAKOTA........	47,722	51,610	64,177	93,122	28,826	31,336	39,690	61,126	18,896	20,274	24,487	31,994
P	.35	.38	.36	.37	.48	.51	.46	.47	.24	.27	.26	.27
NEBRASKA............	96,425	94,422	124,774	180,527	48,002	49,380	68,893	104,788	48,423	45,042	55,881	73,739
P	.70	.69	.69	.72	.81	.80	.80	.80	.62	.60	.60	.63
KANSAS..............	123,012	123,107	174,840	253,711	68,977	70,377	107,039	161,348	54,035	52,730	67,802	92,363
P	.89	.90	.97	1.02	1.16	1.14	1.24	1.24	.69	.71	.72	.77
DELAWARE............	29,930	26,816	35,462	51,823	14,917	13,299	18,138	28,754	15,013	13,516	17,325	23,069
P	.22	.20	.20	.21	.25	.21	.21	.22	.19	.18	.19	.19
MARYLAND............	181,772	168,362	226,723	328,478	66,305	55,938	86,648	141,615	115,467	112,374	140,075	186,862
P	1.32	1.23	1.26	1.32	1.11	.90	1.00	1.09	1.49	1.50	1.50	1.57
DISTRICT OF COLUMBIA	56,843	56,645	71,715	89,792	9,495	8,486	10,807	16,296	47,348	48,159	60,908	73,496
P	.41	.41	.40	.36	.16	.14	.13	.13	.61	.64	.65	.62
VIRGINIA............	268,136	260,039	346,502	499,576	136,201	135,463	189,478	288,733	131,935	124,577	157,023	210,843
P	1.95	1.98	1.93	2.00	2.28	2.19	2.19	2.22	1.69	1.67	1.68	1.77
WEST VIRGINIA.......	153,249	140,177	179,659	244,145	86,192	77,753	104,239	149,692	67,057	62,424	75,420	94,453
P	1.11	1.03	1.00	.98	1.45	1.26	1.21	1.15	.86	.84	.81	.79
NORTH CAROLINA......	427,844	411,331	539,392	682,475	203,946	197,074	267,755	356,335	223,898	214,257	271,635	326,138
P	3.11	3.01	3.00	2.73	3.42	3.18	3.10	2.73	2.68	2.87	2.90	2.73
SOUTH CAROLINA......	206,131	199,816	253,080	335,885	99,461	95,576	130,074	183,078	106,670	104,240	123,836	152,807
P	1.50	1.46	1.41	1.35	1.67	1.54	1.51	1.41	1.37	1.40	1.32	1.28
GEORGIA.............	413,329	404,804	503,182	639,645	166,712	174,001	235,963	322,032	246,617	230,802	267,219	317,613
P	3.01	2.96	2.80	2.56	2.80	2.81	2.73	2.47	3.17	3.09	2.85	2.66
FLORIDA.............	690,711	595,581	808,599	1,121422	347,018	315,599	455,762	669,754	343,693	279,981	352,837	451,668
P	5.02	4.36	4.49	4.49	5.82	5.10	5.28	5.14	4.41	3.75	3.77	3.78
KENTUCKY............	295,028	291,831	369,265	485,714	156,822	163,702	211,155	301,432	138,205	128,129	158,110	184,231
P	2.15	2.14	2.05	1.95	2.63	2.64	2.44	2.31	1.73	1.72	1.69	1.54
TENNESSEE...........	356,879	347,651	436,303	579,692	178,520	172,629	233,636	336,992	178,359	175,022	202,667	242,700
P	2.60	2.54	2.42	2.32	2.99	2.79	2.70	2.59	2.29	2.34	2.16	2.03
ALABAMA.............	333,237	348,834	401,872	512,127	173,655	183,088	[illegible]	301,107	159,582	157,796	176,967	211,020
P	2.42	2.50	2.23	2.05	2.91	2.96	2.60	2.31	2.05	2.11	1.89	1.77
MISSISSIPPI.........	259,042	260,383	310,368	376,772	131,125	133,410	168,442	210,034	127,916	126,973	141,926	166,739
P	1.88	1.91	1.72	1.51	2.20	2.16	1.95	1.61	1.64	1.70	1.52	1.40
ARKANSAS............	209,350	213,662	265,503	339,268	130,870	134,743	160,195	219,125	78,480	78,919	97,308	120,144
P	1.52	1.54	1.48	1.36	2.19	2.18	1.95	1.68	1.01	1.06	1.04	1.01

S

	T				OWNER OCCUPIED				RENTER OCCUPIED			
	BELOW 125 PERCENT POVERTY	BELOW 85 PERCENT BLS LLS	BELOW 100 PERCENT BLS LLS	BELOW 125 PERCENT BLS LLS	BELOW 125 PERCENT POVERTY	BELOW 85 PERCENT BLS LLS	BELOW 100 PERCENT BLS LLS	BELOW 125 PERCENT BLS LLS	BELOW 125 PERCENT POVERTY	BELOW 85 PERCENT BLS LLS	BELOW 100 PERCENT BLS LLS	BELOW 125 PERCENT BLS LLS
LOUISIANA............	347,040	330,500	389,906	442,256	163,602	156,776	193,073	251,880	184,167	173,731	195,033	240,400
P	2.93	2.42	2.17	1.97	2.75	2.53	2.24	1.93	2.37	2.33	2.09	2.01
OKLAHOMA............	234,229	210,272	279,530	382,806	125,776	114,300	158,261	227,416	108,484	100,892	121,276	155,160
P	1.70	1.50	1.55	1.53	2.11	1.85	1.83	1.75	1.39	1.38	1.30	1.30
TEXAS............	920,499	887,477	1,121031	1,530018	459,043	437,067	588,127	831,192	468,956	420,430	536,704	717,602
P	6.75	6.28	6.23	6.16	7.71	7.06	6.77	6.38	6.02	5.63	5.73	6.01
MONTANA............	47,127	48,550	63,203	89,640	23,991	26,502	39,916	52,129	23,136	22,047	28,368	37,511
P	.34	.36	.35	.35	.40	.43	.46	.40	.30	.30	.30	.31
IDAHO............	49,270	54,109	73,481	103,970	25,093	29,132	41,030	61,962	24,180	25,033	32,443	41,906
P	.36	.40	.41	.42	.42	.47	.48	.48	.31	.34	.35	.35
WYOMING............	20,505	20,737	27,969	38,948	9,990	10,002	14,946	21,879	10,816	9,856	12,623	17,064
P	.15	.15	.15	.16	.17	.16	.17	.17	.14	.13	.13	.14
COLORADO............	147,199	145,313	189,019	267,794	51,592	59,510	79,195	124,263	95,608	85,003	109,026	143,538
P	1.07	1.06	1.05	1.07	.87	.96	.92	.95	1.23	1.15	1.17	1.20
NEW MEXICO............	96,042	102,964	126,434	165,202	52,403	56,036	72,945	95,433	43,639	44,330	53,400	69,029
P	.70	.75	.70	.66	.88	.90	.84	.73	.56	.60	.57	.58
ARIZONA............	163,003	162,655	206,012	270,456	76,036	83,939	109,836	155,992	86,250	78,716	96,978	123,466
P	1.19	1.19	1.15	1.12	1.29	1.36	1.27	1.20	1.11	1.05	1.04	1.03
UTAH............	62,345	73,109	97,507	144,056	31,150	39,550	56,301	89,658	31,150	33,632	41,036	55,058
P	.45	.54	.54	.58	.52	.64	.65	.69	.40	.45	.44	.46
NEVADA............	33,040	34,005	45,460	64,929	13,216	14,170	19,979	30,309	19,824	19,841	25,461	34,621
P	.24	.25	.25	.26	.22	.22	.23	.23	.25	.27	.27	.29
WASHINGTON............	197,252	196,117	262,694	387,090	70,759	79,176	109,422	196,270	128,497	114,041	142,232	190,771
P	1.43	1.42	1.46	1.55	1.19	1.28	1.30	1.51	1.62	1.54	1.52	1.60
OREGON............	147,020	142,507	191,309	279,431	59,435	64,370	93,303	150,492	88,394	78,109	98,087	128,940
P	1.07	1.04	1.06	1.12	1.00	1.04	1.08	1.16	1.14	1.05	1.05	1.08
CALIFORNIA............	1,339613	1,272551	1,793643	2,513911	399,201	411,036	605,297	975,176	940,412	861,515	1,100346	1,530735
P	9.74	9.32	9.96	10.07	6.70	6.64	7.01	7.48	12.08	11.53	12.44	12.89
ALASKA............	12,160	20,072	25,200	32,517	5,197	8,276	9,979	13,798	6,961	11,706	15,220	20,719
P	.09	.15	.14	.13	.09	.13	.12	.11	.09	.16	.16	.17
HAWAII............	38,720	52,252	66,433	91,045	10,016	13,601	19,761	29,493	28,704	38,371	46,072	61,352
P	.28	.38	.37	.36	.17	.22	.23	.23	.37	.51	.50	.51

UNIVERSE IS ALL FAMILIES AND UNRELATED INDIVIDUALS

Table B

	TOTAL	BELOW POVERTY LEVEL	100 - 124 % OF POVERTY LEVEL	125 - 149 % OF POVERTY LEVEL	150 % AND ABOVE POVERTY LEVEL
TOTAL................	78,430,630	9,050,570	6,289,377	6,072,488	56,219,002
MAINE................	374,407	51,995	25,370	26,543	270,491
NEW HAMPSHIRE........	292,501	29,160	15,065	15,444	232,912
VERMONT..............	169,111	20,095	11,901	10,994	126,340
MASSACHUSETTS........	2,067,400	180,931	111,043	111,726	1,655,707
RHODE ISLAND.........	326,226	59,451	10,909	17,979	231,426
CONNECTICUT..........	1,070,087	91,327	44,604	40,937	895,139
NEW YORK.............	6,633,996	725,796	440,776	314,227	5,143,600
NEW JERSEY...........	2,434,770	223,056	96,935	107,402	2,005,377
PENNSYLVANIA.........	4,127,470	490,210	220,071	211,509	3,197,681
OHIO.................	3,666,104	406,025	164,026	166,402	2,930,071
INDIANA..............	1,756,691	105,230	80,471	90,467	1,487,320
ILLINOIS.............	3,910,112	455,060	160,607	177,276	3,119,909
MICHIGAN.............	3,154,420	349,365	150,413	144,520	2,501,020
WISCONSIN............	1,603,606	153,151	81,590	81,065	1,287,890
MINNESOTA............	1,386,078	149,304	81,906	80,472	1,085,020
IOWA.................	1,025,252	112,980	50,231	52,346	809,695
MISSOURI.............	1,754,503	251,730	113,060	89,466	1,300,210
NORTH DAKOTA.........	219,583	27,482	12,797	10,394	169,390
SOUTH DAKOTA.........	231,204	36,447	14,238	14,416	167,721
NEBRASKA.............	560,527	60,929	30,974	28,082	432,422
KANSAS...............	832,551	90,195	40,551	47,104	658,903
DELAWARE.............	199,142	21,500	9,144	9,295	159,162
MARYLAND.............	1,427,042	137,065	60,590	61,767	1,161,615
DISTRICT OF COLUMBIA	300,290	43,317	10,603	16,568	229,745
VIRGINIA.............	1,763,496	202,074	70,431	87,478	1,375,510
WEST VIRGINIA........	650,164	112,010	43,294	38,604	455,452
NORTH CAROLINA.......	1,684,401	290,874	137,080	103,527	1,187,011
SOUTH CAROLINA.......	901,851	154,655	50,753	53,695	642,949
GEORGIA..............	1,694,660	314,874	109,030	112,049	1,160,701
FLORIDA..............	3,353,406	503,369	216,490	208,120	2,426,425
KENTUCKY.............	1,147,940	224,925	76,276	76,755	770,033
TENNESSEE............	1,494,915	269,230	112,000	97,400	1,025,516
ALABAMA..............	1,246,070	255,477	85,910	76,706	827,613
MISSISSIPPI..........	764,830	201,245	52,704	50,718	460,202
ARKANSAS.............	750,442	150,231	50,001	60,014	490,185
LOUISIANA............	1,254,127	275,901	87,689	74,579	815,938
OKLAHOMA.............	1,002,192	169,534	81,927	89,421	711,303
TEXAS................	4,427,937	643,464	287,730	257,103	3,239,540
MONTANA..............	264,079	37,036	12,815	14,694	199,532
IDAHO................	268,409	36,148	19,700	17,307	193,109
WYOMING..............	134,752	15,456	9,957	8,979	100,358
COLORADO.............	921,422	109,943	49,263	40,107	700,546
NEW MEXICO...........	362,270	72,040	22,985	20,440	246,816
ARIZONA..............	830,944	120,494	43,130	38,431	628,891
UTAH.................	392,413	40,690	16,985	22,823	303,907
NEVADA...............	234,530	23,465	11,590	12,652	186,843
WASHINGTON...........	1,366,570	150,190	62,698	77,135	1,076,626
OREGON...............	907,041	113,014	40,396	51,430	696,236
CALIFORNIA...........	8,309,931	962,305	483,375	434,673	6,445,498
ALASKA...............	119,361	9,742	5,555	3,407	100,683
HAWAII...............	267,024	20,177	12,940	10,124	213,786

SOURCE: 1976 SURVEY OF INCOME AND EDUCATION

News United States Department of Labor
Bureau of Labor Statistics Washington, D.C. 20212

John Rogers (202) 523-9641
Kathryn Hoyle (202) 523-1913

USDL: 79-305
FOR RELEASE: SUNDAY EDITIONS
April 29, 1979

Significant changes were made in the method for updating family budgets for some local areas as a result of the Consumer Price Index Revision Program which was completed in January 1978. The changes are described on page 10 of this release.

AUTUMN 1978 URBAN FAMILY BUDGETS AND COMPARATIVE INDEXES FOR SELECTED URBAN AREAS

The Bureau of Labor Statistics of the U.S. Department of Labor today issued updated estimates for three hypothetical annual family budgets and the comparative indexes that can be used to compare the cost of these budgets in selected urban areas. This updating reflects changes in prices and personal taxes between autumn 1977 and autumn 1978.

In autumn 1978, the U.S. average cost of the lower budget for an urban family of four was $11,546 a year, while the intermediate and higher levels were $18,622 and $27,420, respectively, as shown in table A. (Costs for 39 metropolitan areas and four nonmetropolitan regions are shown in tables 1-3, and comparative indexes for these areas are shown in tables 4-6.)

Table A. Summary of annual budgets for a four-person family at three levels of living, urban United States, autumn 1978

	Lower budget	Intermediate budget	Higher budget
Total budget	$11,546	$18,622	$27,420
Total family consumption	9,391	14,000	19,225
Food	3,574	4,609	5,806
Housing	2,233	4,182	6,345
Transportation	856	1,572	2,043
Clothing	847	1,209	1,768
Personal care	301	403	570
Medical care	1,065	1,070	1,116
Other family consumption	515	956	1,578
Other items	502	810	1,365
Social security & disability	719	1,073	1,091
Personal income taxes	935	2,738	5,739

Note: Because of rounding, sums of individual items may not equal totals.

Changes in Budgets, 1977-78

From autumn 1977 to autumn 1978, the total cost of the lower budget rose 10.2 percent, and the intermediate and higher budgets rose 8.9 and 8.8 percent, respectively, as shown in table B. These are the largest increases since 1974. The lower budget rose more than the intermediate and higher budgets in 1978 because of larger increases in housing and income taxes. Consumption costs rose approximately 8 percent in the lower budget and 7 percent in the intermediate and higher budgets, with the largest increase among components occurring in food. The change in food costs, approximately 12 percent in the three budgets, comprises a larger proportion of total consumption costs at the lower budget level and, thus, has a larger effect on total consumption costs at that level.

The social security contribution rate rose to 6.05 percent between 1977 and 1978 and the maximum income on which contributions are made into the social security system increased from $16,500 to $17,700. At the lower budget level, where incomes needed to purchase the specified goods and services were below $16,500 in both 1977 and 1978 (except Anchorage), the increase in social security deductions resulted from the new rate being applied to higher incomes in 1978. At the other two budget levels, the increase in deductions resulted from the additional contributions required by the higher rate and the larger maximum income subject to deductions, as well as from the higher incomes needed in 1978 to purchase the specified goods and services.

Personal income taxes shown in the three budgets include estimated 1978 Federal, State, and local tax payments. Changes in the Federal tax code between 1977 and 1978 did not apply to the assumed family type in the budgets. Relevant changes in State tax codes did occur in a number of States. The Federal income tax structure, as well as that of many States, calls for higher tax rates as income rises. The net result between the 2 years was that personal income taxes increased approximately 30 percent at the lower level and 17 and 15 percent, respectively, for the intermediate and higher levels.

Table B. Percent change in four-person family budgets, autumn 1977 to autumn 1978

Component	Budget level: Lower	Intermediate	Higher
Food----------------------------	12.0	12.5	12.5
Housing-------------------------	7.2	4.1	4.3
Shelter 1/----------------------	7.1	3.2	2.7
Renter costs--------------------	7.1	7.0	7.0
Homeowner costs 2/--------------	-	2.4	2.1
Housefurnishings & operations	7.5	7.5	7.4
Transportation------------------	6.5	6.8	6.8
Clothing------------------------	2.3	2.3	2.2
Personal care-------------------	6.7	6.9	6.5
Medical care--------------------	8.7	8.6	8.7
Other family consumption--------	5.3	5.2	5.3
Total consumption less shelter---	8.8	8.7	8.5
Total consumption---------------	8.5	7.4	7.1
Other items---------------------	6.4	6.2	6.0
Social security-----------------	13.8	11.7	10.8
Personal income taxes-----------	29.9	16.9	15.2
Total budget--------------------	10.2	8.9	8.8

1/ Includes only rental housing in the lower budget.

2/ On the assumption that the home was purchased 6 years ago, these costs reflect changes in purchase prices and mortgage interest rates from 1971 to 1972 and changes in property taxes, insurance, fuel and utilities, and repairs and maintenance from 1977 to 1978.

These increases are in contrast to the 1977 income tax changes where the lower budget taxes actually decreased 12.7 percent and the intermediate and higher rose 4.7 and 9.1 percent, respectively, from 1976. As a net result of increases in budget costs, the 1977 Federal tax changes, and State and local tax changes, between 1976 and 1978 the ratio of personal income taxes to total budget costs has remained at 8 percent for the lower level families, while the ratios for the intermediate and higher level families have increased from 13.8 to 14.7 percent and from 19.2 to 20.9 percent, respectively.

The shelter component of housing includes only rental housing in the lower budget and shows an increase of 7 percent. Both homeownership and rental housing are included in the other two budgets with homeownership costs based on the assumption that the budget family bought its home 6 years ago. The 4 percent increase in housing costs for the intermediate and higher budgets is the result of combining the increase in rental costs with small increases in principal and interest costs between 1971 and 1972 and reductions in property taxes in California in 1978.

The budget costs are annual estimates reflecting autumn 1978 price levels. During the period from October 1978 to March 1979, the revised Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers rose 4.3 percent. However, the change in the total family budget differs from the change in the All Items CPI for at least three important reasons: (1) the CPI does not include changes in personal taxes; (2) the weights used in the CPI are different from the weights used in the budgets; and (3) the treatment of homeowner costs is different.

Differences in Budgets among Urban Areas

Area indexes reflect not only differences among the areas in price levels, but also regional variations in consumption patterns and differences in climate, types of transportation facilities, and taxes.

For the lower budget, costs were 7.0 percent higher in the metropolitan than in the nonmetropolitan urban areas. The metropolitan-nonmetropolitan differences were 11.6 percent for the intermediate budget and 17.4 percent for the higher. Total budget levels were lowest in small cities in the South.

Further details on the indexes are presented in tables 4, 5, and 6.

Description of the Three Budgets

The budgets represent the costs of three hypothetical lists of goods and services that were specified in the mid-1960's to portray three relative standards of living--described as lower, intermediate, and higher.

These budgets are for a precisely defined urban family of four: A 38-year-old husband employed full time, a non-working wife, a boy of 13, and a girl of 8. After about 15 years of married life, the family is settled in the community, and the husband is an experienced worker. The family has, for each budget level, average inventories of clothing, housefurnishings, major durables, and other equipment. The budgets pertain only to an urban family with the specified characteristics. (How family consumption budgets vary for urban families of different size and composition is shown in table C.) No budgets are available for rural families.

The budgets do not represent how families of this type actually do or should spend their money, nor are they intended to represent a minimum level of adequate income or a subsistence level of living. Rather, they reflect the assumptions made about the manner of living at each of the three hypothetical levels. The geographic indexes do not measure cost differences associated with moving from one area to another or the living costs of newly arrived residents in a given community. New information on actual spending patterns is available from the 1972-73 Survey of Consumer Expenditures.

Food-at-home costs in the budgets are based on quantities in the 1964 low-, moderate-, and liberal-cost food plans developed by the U.S. Department of Agriculture in accordance with nutritional standards formulated by the National Research Council of the National Academy of Sciences. The food total also includes an allowance for a specified number of meals away from home at each level.

Total housing costs include not only shelter, but also housefurnishings and household operations. At the lower level, the shelter component provides only for a rented dwelling unit. Rental costs include contract rent, estimated costs for fuel and utilities where these are not part of the rent, and insurance on household contents. At the intermediate and higher levels, shelter reflects primarily homeowner costs which include average mortgage interest and principal payments for a house purchased 5 years ago. Also included are costs

Table C. Annual consumption budgets for selected family types, urban United States, autumn 1978 1/

Family size, type, and age	Lower level	Intermediate level	Higher level
Single person, under 35 years	$3,290	$4,900	$6,730
Husband and wife under 35 years:			
No children	4,600	6,860	9,420
1 child under 6	5,820	8,680	11,920
2 children, both under 6	6,760	10,080	13,840
Husband and wife 35-54 years:			
1 child, 6-15 years	7,700	11,480	15,760
2 children, older 6-15 years 2/	9,391	14,000	19,225
3 children, oldest 6-15 years	10,890	16,240	22,300
usband and wife, 65 years and over 3/	4,790	7,140	9,800
ingle person, 65 years and over 4/	2,630	3,920	5,380

1/ For details on estimating procedures, see "Revised Equivalence Scale," BLS Bulletin 1570-2.

2/ Costs for the BLS budgets for a 4-person family from which estimates for other family types are derived.

/ Estimated from the equivalence scale value of 51 percent of the ase (four-person) family. Costs based on detailed BLS budgets for a retired couple may differ slightly from estimates obtained by the scale values.

/ Estimated from the equivalence scale value of 28 percent of the ase (four-person) family. May differ slightly from estimates btained by applying a ratio of 55 percent to the BLS Budget for a etired Couple.

for property taxes, homeowner insurance, repairs and maintenance, and heating fuel and utilities.

Medical care costs at the three budget levels include a family membership in a group hospital and surgical insurance plan, a specified number of visits to physicians, provisions for dental and eye care, and prescriptions. The higher budget also provides for major medical insurance coverage.

The source of data, methods of calculation, and quantities of goods and services for each budget level are described in detail in BLS Bulletin 1570-5, "Three Standards of Living for an Urban Family of Four Persons" (spring 1967). Copies may be obtained under accession number PB 227542/LK at a cost of $6.00 from the National Technical Information Service, U.S. Department of Commerce, Springfield, Virginia 22151. A supplement, with budgets for spring 1969-70, is available from any BLS Regional Office listed below. Selected publications from the 1972-73 Consumer Expenditure Survey may also be obtained from these offices.

Region I
1603 JFK Federal Bldg.
Boston, MA. 02203

Region II
1515 Broadway
New York, NY. 10036

Region III
P.O. Box 13309
Phila., PA. 19101

Region IV
1371 Peachtree St., N.E.
Altanta, GA. 30309

Region V
230 South Dearborn St.
Chicago, IL. 60604

Region VI
555 Griffin Sq. Bldg.
Dallas, TX. 75202

Regions VII and VIII
911 Walnut St.
Kansas City, MO. 64106

Regions IX and X
Box 36017
San Francisco, CA. 94102

SPECIAL NOTE ON METHOD OF UPDATING

The 1978 consumption budgets were estimated by applying price changes for individual areas between autumn 1977 and autumn 1978, as reported in the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers, to the appropriate autumn 1977 budget costs for each main class of goods and services. The budgets have been updated by the CPI since 1969 when the last direct pricing took place. This method of updating is approximate because the CPI reflected spending patterns and prices paid for commodities and services purchased by urban wage and clerical workers generally, without regard to their family type and level of living, and because the updating is done at a relatively aggregated level.

Users should note that the procedures used in updating the budgets to 1978 differ from procedures used previously because the area sample was changed in January 1978 when the CPI Revision Program was completed. As a result, individual area price changes between autumn 1977 and autumn 1978 were available for only 25 of the budget areas.

Some data on individual area price changes were available for the remaining 19 budget areas through April/May/June 1978 when the unrevised CPI was discontinued. These data, along with price change data for appropriate region/population size classes, were used to update the remaining 19 areas. Thus, these areas were updated with some price data that does not specifically pertain to these areas.

In line with past revisions of the program, the Bureau of Labor Statistics intends to comprehensively revise the family budgets series. A committee of experts has been formed to conduct research and develop approaches to be used in this revision. The number of areas for which budgets will be published in the future will depend upon the resources available and upon the revision methodology chosen. Users will be informed about the progress of this revision.

TABLE 1. ANNUAL COSTS OF A LOWER BUDGET FOR A 4-PERSON FAMILY, 1/ AUTUMN 1978

AREA	TOTAL BUDGET 2/	FAMILY CONSUMPTION: TOTAL CONSUMPTION	FOOD: TOTAL	FOOD: FOOD AT HOME	FOOD: FOOD AWAY FROM HOME	HOUSING 3/: TOTAL 4/	HOUSING 3/: SHELTER 5/ (RENTER)	HOUSING 3/: HOUSE-FURNISHINGS & OPERATIONS
URBAN UNITED STATES----------	$11546	$9391	$3574	$3067	$507	$2233	$1673	$560
METROPOLITAN AREAS--11/------	11685	9485	3616	3109	507	2267	1710	569
*NONMETROPOLITAN AREAS--12/----	10925	8968	3388	2905	483	2081	1471	618
NORTHEAST:								
BOSTON, MASS------------------	12501	9916	3683	3216	467	2573	2010	563
BUFFALO, N.Y------------------	11396	9265	3554	3085	469	2126	1566	560
*HARTFORD, CONN----------------	11996	9930	3711	3202	509	2536	1908	568
*LANCASTER, PA-----------------	11123	8936	3598	3122	476	2173	1650	523
NEW YORK-NORTHEASTERN, N.J----	12061	9602	3884	3341	543	2202	1733	549
PHILADELPHIA, PA-N.J----------	11901	9336	3903	3343	560	2036	1525	511
PITTSBURGH, PA----------------	11273	9003	3628	3097	531	2062	1529	533
*PORTLAND, MAINE---------------	11902	9036	3589	3111	478	2597	2021	576
*NONMETROPOLITAN AREAS--12/----	11280	9188	3538	3129	409	2051	1518	573
NORTH CENTRAL:								
*CEDAR RAPIDS, IOWA------------	11332	9122	3296	2811	485	2300	1761	567
*CHAMPAIGN-URBANA, ILL---------	12117	9826	3545	3087	458	2589	2017	572
CHICAGO, ILL.-NORTHWESTERN IND	11829	9620	3709	3237	472	2265	1748	521
CINCINNATI, OHIO-KY.-IND------	11244	9171	3726	3256	470	1967	1436	511
CLEVELAND, OHIO---------------	11532	9671	3666	3101	565	2084	1584	518
*DAYTON, OHIO------------------	10888	8963	3548	3084	464	1968	1368	579
DETROIT, MICH-----------------	11596	9317	3578	3056	522	1894	1511	603
*GREEN BAY, WIS----------------	11108	8912	3273	2855	418	2244	1623	621
*INDIANAPOLIS, IND-------------	11218	9208	3465	2996	469	2092	1588	564
KANSAS CITY, MO.-KANS---------	11409	9336	3697	3193	504	2009	1458	551
MILWAUKEE, WIS----------------	11733	9329	3436	2937	499	2246	1711	535
MINNEAPOLIS-ST. PAUL, MINN----	11421	9196	3542	3029	513	2209	1679	530
ST. LOUIS, MO.-ILL------------	11150	9159	3747	3282	465	2005	1455	550
*WICHITA, KANS-----------------	11574	9481	3505	3026	479	2362	1779	583
*NONMETROPOLITAN AREAS--12/----	11322	9223	3432	3044	388	2293	1718	575
SOUTH:								
ATLANTA, GA-------------------	10495	8705	3411	2932	479	1912	1338	578
*AUSTIN, TEX-------------------	10280	8685	3217	2708	509	1985	1398	587
BALTIMORE, MD-----------------	11099	9350	3334	2847	487	2451	1861	618
*BATON ROUGE, LA---------------	10590	8884	3478	3048	430	1853	1306	547
DALLAS, TEX-------------------	10694	8987	3345	2779	566	2064	1520	540
*DURHAM, N.C-------------------	11172	9004	3293	2857	436	2218	1684	574
HOUSTON, TEX------------------	10906	9140	3403	2838	565	2042	1458	584
*NASHVILLE, TENN---------------	10364	8735	3289	2832	457	2021	1438	583
*ORLANDO, FLA------------------	10582	8898	3164	2685	479	2167	1585	582
WASHINGTON, D.C.-MD.-VA-------	12390	9794	3600	3074	526	2503	2015	568
*NONMETROPOLITAN AREAS--12/----	10270	8569	3276	2876	400	1885	1284	654
WEST:								
*BAKERSFIELD, CALIF------------	11380	9403	3486	2994	492	2234	1683	551
DENVER, COLO------------------	11475	9369	3616	3139	477	2033	1481	592
LOS ANGELES-LONG BEACH, CALIF-	12193	9990	3550	3019	531	2610	2076	534
SAN DIEGO, CALIF--------------	11661	9603	3418	2848	570	2394	1881	513
SAN FRANCISCO-OAKLAND, CALIF--	12710	10379	3665	3164	501	2730	2150	580
SEATTLE-EVERETT, WASH---------	12506	10304	3644	3133	511	2750	2131	619
HONOLULU----------------------	14870	11813	4478	4008	470	3106	2442	664
*NONMETROPOLITAN AREAS--12/----	11886	9599	3472	3049	423	2383	1777	606
ANCHORAGE, ALASKA-------------	19030	14679	4547	4029	518	4820	3805	983

SEE FOOTNOTES FOLLOWING TABLE 3.
*FOR THESE URBAN AREAS, 1978 COSTS WERE ESTIMATED USING CPI PRICE CHANGES FOR THE APPROPRIATE REGION/POPULATION SIZE CLASS.

Report No. 79-253 EPW

A COMPARISON OF POVERTY LEVELS USED BY THE FEDERAL GOVERNMENT

Joe Richardson
Analyst in Social Legislation
Education and Public Welfare Division

December 14, 1979

HB 605 A

ABSTRACT

The Federal Government currently uses three different sets of "poverty levels" in counting the low-income population and determining eligibility for various benefit programs. These "poverty levels" are derived from income measures originally conceived in 1963-64; however they differ in a number of important aspects.

This report sets forth the basic differences between the three measures. It does not explore the origin of differences, nor does it deal with low-income measures that are not specifically identified as "poverty" measures.

A COMPARISON OF POVERTY LEVELS USED BY THE FEDERAL GOVERNMENT

At the present time, there are three different sets of poverty levels used by the Federal Government 1/ in counting the low-income population and determining eligibility for benefits--the Census Bureau's poverty thresholds, the so-called OMB/CSA poverty guidelines, and the USDA's Food and Nutrition Service poverty levels (the so-called "food stamp" poverty levels).

THE CENSUS BUREAU'S POVERTY THRESHOLDS

The basic set of poverty levels is the set computed annually by the Bureau of the Census, as a mechanism for counting the Nation's low-income population in its yearly Current Population Surveys and the decennial census. These poverty "thresholds" date back to 1963-64, when Mollie Orshansky, at the Social Security Administration, created them as a means of measuring changes in the low-income population over time. They were established at annual income levels representing triple the annual cost of the USDA's Economy Food Plan 2/ and form the basis for all other poverty levels used

---

1/ This comparison discusses only those measures identified as Federal "poverty" measures. Other income measures are used in Federal programs and often pointed to as measures of income-based need, such as the Bureau of Labor Statistics lower living standard urban family budgets or AFDC "standards of need."

2/ The rationale behind this method of deriving the poverty thresholds was that the Economy Food Plan was a good measure of income needed to obtain a minimally adequate diet, and consumption surveys of the time indicated that (continued) in the Federal Government. Since their creation, the poverty thresholds have been updated annually by the percentage change in the overall average Consumer Price Index (CPI), although for a brief period of time they were updated by food-price changes only.

Table 1 presents the most recent Census poverty thresholds, issued in the summer of 1979 and used to count the low-income population in 1978.

TABLE 1. Weighted average thresholds--poverty cutoffs in 1978, by size of family and sex of head, by farm-nonfarm residence

Size of family unit	Total	Nonfarm Total	Nonfarm Male head	Nonfarm Female head	Farm Total	Farm Male head	Farm Female head
1 person 1/	$3,302	$3,311	$3,460	$3,196	$2,795	$2,898	$2,690
14 to 64 years	3,386	3,392	3,516	3,253	2,913	2,987	2,764
65 years and over	3,116	3,127	3,159	3,118	2,661	2,685	2,650
2 persons	4,225	4,249	4,258	4,206	3,578	3,582	3,497
Head 14 to 64 years	4,363	4,383	4,407	4,286	3,731	3,737	3,614
Head 65 years and over ..	3,917	3,944	3,948	3,923	3,352	3,356	3,313
3 persons	5,178	5,201	5,231	5,065	4,413	4,430	4,216
4 persons	6,628	6,662	6,665	6,632	5,681	5,683	5,622
5 persons	7,833	7,880	7,888	7,806	6,714	6,714	6,700
6 persons	8,825	8,891	8,895	8,852	7,541	7,563	7,462
7 persons or more	10,926	11,002	11,038	10,765	9,373	9,386	8,813

(continued) food costs consumed roughly one-third of a lower-income family's budget. Although, for most household sizes, the dollar amount of the Economy Food Plan was tripled, for one- and two-person households, the poverty thresholds were set at slightly more than triple the Economy Food Plan to take into account the fact that certain necessities such as housing benefit from economies of scale in larger households. The Economy Food Plan was discontinued in 1975 and has been supplanted by the Thrifty Food Plan, used to set food stamp allotments.

1/ Unrelated individual.

A number of points are important to note when comparing the Census Bureau's poverty thresholds with other Federal poverty levels.

-- The Census poverty thresholds are used only to count low-income persons and households, and, in some cases, to allocate funds among States according to legislative formulas based on the number of low-income persons. They are not used to determine program eligibility.

-- The Census poverty thresholds are updated annually and generally made officially available early in the summer of any given year, as updated through the previous year. 1/ For example, the most current Census poverty thresholds are for 1978, as published in 1979, and take into account inflation through 1978. Updating is done by inflating the poverty thresholds issued the previous year by the percentage difference between the two most recent annual average CPIs. For example, the difference between the 1977 annual average CPI and the 1978 average was 7.6 percent, and the poverty thresholds published in 1978 were updated accordingly to produce those issued in 1979. 2/

-- The Census poverty thresholds have only one type of "geographic" variation; otherwise, they are standard for the Nation. Two separate sets

---

1/ Preliminary estimates are available as early as February of any given year.

2/ In addition to the basic inflation updating, the Census poverty thresholds are further adjusted by "weighting" them to reflect the distribution of the low-income population by household size and composition, farm/nonfarm status, etc. This second adjustment results in only very minor changes in the inflation-adjusted thresholds, less than one-quarter of one-percent in the most recent update. However, this second "weighting" adjustment is the major reason that the Census poverty thresholds are not officially available until roughly halfway through a given year, although the CPI data needed for the basic inflation updating is available for computations in January.

of poverty thresholds are published for farm and nonfarm families; the farm family poverty thresholds are set at 85 percent of the nonfarm levels to take into account the value of home-produced food and, accordingly, apply only to actual farming families, not all rural residents.

-- In addition to the farm/nonfarm variation, the Census poverty thresholds vary by household size, sex of the head-of-household, and, for one- and two-person households, the age of the head-of-household (elderly vs. nonelderly). 1/ However, they do not increase above the level established for a seven-person family.

THE OMB/CSA POVERTY GUIDELINES

For a number of years, the Office of Management and Budget (OMB) has been responsible for updating a set of poverty guidelines derived from the Census poverty thresholds, for use in determining eligibility for Community Services Administration (CSA) programs and other programs where poverty levels are used to make individual income eligibility determinations. 2/ CSA (formerly the Office of Economic Opportunity) actually publishes them under the legislative requirements of section 625 of the Economic Opportunity Act, as amended, which call for annual updates of any poverty guidelines used for eligibility determinations. Other Federal departments pick up these CSA poverty guidelines and separately issue them for their own purposes.

1/ In reality, the Census poverty thresholds are computed for households of many different age and sex compositions, as many as were reflected in the Economy Food Plan. However, when published, these are averaged into household sizes and variations are shown only for one- and two-person elderly households, male and female-headed households and farm/nonfarm residence.

2/ The actual preparation of the annual updates was formerly done by OMB. It is now done under OMB-established standards by an office of the Department of Commerce that was transferred there from OMB.

The OMB/CSA poverty guidelines are similar to the Census poverty thresholds and, like the Census numbers, are updated annually according to changes in the CPI. However, there are a number of significant differences between the basic Census thresholds and the OMB/CSA poverty guidelines used for eligibility determinations.

-- The OMB/CSA poverty guidelines are available earlier than the Census thresholds, primarily because they are computed without "weighting" for the population distribution among low-income households and section 625 calls for them to be computed as soon as the necessary CPI information is available. As a result, the OMB/CSA numbers are computed by using the simple percentage change in the annual average CPI and are available early each spring. The computation for inflation updating is done simply by taking the Census poverty thresholds published in the previous year and updating for annual average CPI changes. The OMB/CSA poverty guidelines published in any given year are for use until the following spring and reflect inflation through the year immediately preceding publication.

-- The OMB/CSA poverty guidelines have the same inflation update and farm/nonfarm variations used in the Census poverty thresholds. However, (1) they do not include "total" poverty guidelines, elderly/nonelderly, or male-head-of-household/female-head-of-household variations, and (2) they add two geographic variations--i.e., separate sets of poverty guidelines for Alaska and Hawaii. These separate poverty guidelines are established at 25 percent and 15 percent above the standard Census thresholds, for Alaska and Hawaii, respectively.

-- More significantly, the OMB/CSA poverty guidelines are rounded off, the increments between household sizes are made to be equal, and poverty guidelines are set for an infinite range of household sizes (vs. the Census threshold cut-off at "7 or more persons"). The Census thresholds on which the OMB/CSA poverty guidelines are based increase in unequal increments as household size rises, reflecting the pattern established in food budgets shown by the Economy Food Plan (on which all poverty levels are based). However, the OMB/CSA poverty guidelines increase in standard increments as household size increases. This is accomplished by adding together all of the (unequal) increments shown in the Census thresholds and dividing by the number of household size "jumps" to compute the average increment between household sizes. This average increment becomes the standard OMB/CSA increment and is then either added to or subtracted from a rounded-off version of the Census poverty threshold for a four-person household to produce the OMB/CSA poverty guidelines (after inflation updating has been performed). 1/ As a result, the OMB/CSA poverty guidelines show poverty levels for household sizes other than four persons, that are significantly different from the Census thresholds--higher for smaller households, lower for larger households.

Table 2 presents the most recent OMB/CSA poverty guidelines, published in 1979 for use through the spring of 1980, and reflecting inflation through 1978.

1/ This procedure is actually performed for the nonfarm poverty guidelines first. Afterward, the farm poverty guidelines and those for Alaska and Hawaii are computed using the proper percentage adjustments. The four-person nonfarm poverty guideline is deliberately rounded up to the nearest $50; all others are rounded to the nearest $20 because the standard increments are so rounded.

TABLE 2. OMB/CSA poverty guidelines
(1979/1980)

	Continental U.S.		Hawaii		Alaska	
Family size	Nonfarm	Farm	Nonfarm	Farm	Nonfarm	Farm
1	$3,400	$2,910	$3,930	$3,350	$4,270	$3,650
2	4,500	3,840	5,190	4,240	5,640	4,810
3	5,600	4,770	6,450	5,490	7,010	5,970
4	6,700	5,700	7,710	6,560	8,380	7,130
5	7,800	6,630	8,970	7,630	9,750	8,290
6	8,900	7,560	10,230	8,700	11,120	9,450
For each additional member add	1,100	930	1,260	1,070	1,370	1,160

THE USDA'S FOOD AND NUTRITION SERVICE POVERTY LEVELS

The third set of Federal poverty levels is that used by the USDA's Food and Nutrition Service for eligibility determinations in the Food Stamp Program and other programs such as the School Lunch Program. The Food Stamp Act of 1977 mandated the calculation of a special "food stamp" poverty level for use in making individual income eligibility determinations; subsequently, the School Lunch and Child Nutrition Act Amendments of 1978 required that those same poverty levels be used for various eligibility determinations in child nutrition programs. 1/

1/ This change was effective for the Food Stamp Program in March 1979 and, for the child nutrition programs, in July 1979. Previously, the Food Stamp Program had used "net income guidelines" based on the cost of the Thrifty Food Plan (3.3 times that cost), and child nutrition programs had used their own specially calculated poverty guidelines.

The Food and Nutrition Service (FNS) poverty levels use the OMB/CSA guidelines as their basis, but there are four differences between the FNS poverty levels and the OMB/CSA guidelines.

-- The FNS poverty levels are published later and are effective from July of a given year through June of the following year, while the OMB/CSA guidelines are usually effective from early spring (or whenever published and implemented) to early spring of the next year.

-- More importantly, the FNS poverty levels include a special, added inflation adjustment. The OMB/CSA poverty guidelines are updated annually for inflation through the year immediately previous to publication, by use of the annual average CPI for that year. The FNS poverty levels add to that inflation updating by increasing the OMB/CSA poverty guidelines to the extent that the CPI has changed between the annual average CPI in the previous year and the CPI for March of the year in which the FNS levels are published (for use beginning in July).

-- The FNS poverty levels are based only on the nonfarm OMB/CSA poverty guidelines; they do not use or take into account the OMB/CSA poverty guidelines for farm families.

-- Although based on the annual income levels used in the Census thresholds and the OMB/CSA guidelines, the FNS poverty levels are expressed in both monthly income terms (for the Food Stamp Program) and annual income terms (for the child nutrition programs). 1/

1/ In reality, the FNS child nutrition programs do not use the FNS poverty levels directly. Rather, the School Lunch and Child Nutrition Acts require the use of various percentages of the FNS poverty levels (125 percent and 195 percent).

Table 3 presents the most recent (July 1979/June 1980) FNS poverty levels, as updated for inflation through March of 1979.

TABLE 3. FNS poverty levels (1979/1980)

Household size:	Continental U.S. 1/	Hawaii: 2/	Alaska:
1 person			
Monthly	$306	$354	$383
Annual	3,670	4,240	4,590
2 persons			
Monthly	403	465	504
Annual	4,830	5,570	6,040
3 persons			
Monthly	500	575	625
Annual	5,990	6,900	7,490
4 persons			
Monthly	596	686	745
Annual	7,150	8,230	8,940
5 persons			
Monthly	693	797	866
Annual	8,310	9,560	10,390
6 persons			
Monthly	790	908	987
Annual	9,470	10,890	11,840
7 persons			
Monthly	886	1,019	1,108
Annual	10,630	12,200	13,290
8 persons			
Monthly	983	1,130	1,229
Annual	11,790	13,550	14,740
For each additional member add:			
Monthly	97	111	121
Annual	1,160	1,330	1,450

1/ Also used for Puerto Rico, the Virgin Islands, and Guam in the Food Stamp Program; for Puerto Rico and the Virgin Islands in the Child Nutrition Programs.

2/ Also used for Guam in the Child Nutrition programs.

A FINAL NOTE ON PUERTO RICO AND THE TERRITORIES

All of the foregoing poverty levels in use by the Federal Government are computed for the 50 States and the District of Columbia. There are no poverty levels, as such, for Puerto Rico or the various outlying territories. However, in the absence of special poverty levels for those areas, the poverty levels computed for the 50 States and the District of Columbia (or the 48 States and the District in the case of the FNS poverty levels) are used.

A BRIEF TABULAR COMPARISON OF FEDERAL POVERTY LEVELS

Item:	Census Poverty Thresholds:	OMB/CSA Guidelines:	FNS Poverty Levels:
Use........................	To count low-income persons and, in some cases, to allocate funds among States by legislative formulas.	To determine income eligibility in programs using "poverty" as a criteria, other than FNS programs.	To determine eligibility in FNS programs (food stamps, school lunch, etc.)
When Issued................	Early each summer.	Early each spring.	Each spring.
Effective for	The previous calendar year's tabulations of low-income persons.	The year following the month of issuance.	The period from July of the year of issuance through June of the following year.
Geographic Variations	Standard nationwide.	Standard for all areas, except that higher than standard guidelines apply in Alaska and Hawaii.	Same as OMB/CSA guidelines
Farm/Nonfarm Variations ...	Separate poverty thresholds for farm and nonfarm families and individuals. Farm poverty thresholds set at 85% of the nonfarm thresholds and apply only to farming families and individuals, not to all rural residents.	Same as Census thresholds.	Use only the nonfarm poverty levels, derived from the OMB/CSA guidelines.

A BRIEF TABULAR COMPARISON OF FEDERAL POVERTY LEVELS (continued)

Item:	Census Poverty Thresholds:	OMB/CSA Guidelines:	FNS Poverty Levels:
Other Variations	As published, variations set for male/female headed households, and, for 1- and 2-person households, variations set for elderly/non-elderly headed households. 1/	None.	Issued both as annual and monthly income levels.
Dollar Increments Between Household Sizes	Unequal, reflecting the pattern of food costs by household size established in the Economy Food Plan.	Equal, accomphished by averaging all of the (unequal) Census threshold increments to produce a standard increment.	Equal, uses the OMB/CSA guidelines as a base.
Rounding	Unrounded.	Rounded.	Rounded at the annual income level, unrounded at the monthly income level.
Larger than 7-Member Households	Thresholds for households with 7 or more members are identical.	Guidelines set for all households through use of the standard dollar increment.	Same as the OMB/CSA guidelines.

1/ When actually used to count low-income households, numerous variations by age and sex of household members are also applied.

A BRIEF TABULAR COMPARISON OF FEDERAL POVERTY LEVELS (continued)

Item:	Census Poverty Thresholds:	OMB/CSA Guidelines:	FNS Poverty Levels:
Inflation Indexing	Thresholds published in a given year are indexed for inflation through the preceding year, by use of the change in the annual average Consumer Price Index.	Same as Census thresholds.	Include an additional inflation adjustment for Consumer Price Index changes through March of the year in which they are issued.
Alternative Levels	Also calculated at 75%, 125%, and 150% of the basic thresholds, to produce alternate measures of the low-income population.	Also calculated at 125% of the basic guidelines for use in some programs.	Also calculated at 125% and 195% of the basic poverty levels for use in child nutrition programs.
Dollar Levels	Based on a 1963-64 calculation of triple the cost of the Economy Food Plan, by houehold size. Since updated for inflation.	Due to rounding and the use of standard increment between household sizes, OMB/CSA guidelines are higher than Census thresholds for 1-, 2-, and 3-member households, and lower for households with 5 or more members.	Generally higher than the OMB/CSA guidelines or the Census thresholds because of added inflation indexing.

COMPARISON ON COSTS OF SUBCONTRACTED WEATHERIZATION CREWS AND COMPREHENSIVE EMPLOYMENT AND TRAINING ACT WEATHERIZATION CREWS

Compiled by:

Kenneth Haisch
Northwest Montana Human Resource Council

P.O. Box 1058
Kalispell

COMPARISON ON COSTS OF SUBCONTRACTED WEATHERIZATION CREWS AND COMPREHENSIVE EMPLOYMENT AND TRAINING ACT WEATHERIZATION CREWS

INTRODUCTION

AGENCY BACKGROUND

The Northwest Montana Human Resource Council was created in December, 1976, to serve the people of Flathead, Lake, Lincoln, and Sanders counties, especially the aged and the poor. The agency administers ongoing and new human service programs with Federal and Local funds. Organized as a private non-profit corporation, the general policy and direction fo the agency's administration is set by an administrative board of twelve members. Membership on the administrative board is equally representative of local government, the private sector, and the low-income community.

The Northwest Montana Human Resource Council functions both in the planning and administration of programs which serve the purpose of providing economic betterment for the residents of the community.

GEOGRAPHIC BACKGROUND

Northwest Montana is a rugged, mountaineous country with approximately ninety thousand people scattered over 13,123 square miles. 1970 census figures list 84.9% of the population as rural. The population is dispersed at a density of less than six persons per square mile. Long distances to population centers combined with limited access to information on the availability of programs frequently keep the rural low-income person beyond the reach of adequate services. This is especially true for the elderly low-income person who is often limited in mobility.

METHODOLOGY/BACKGROUND

SUBCONTRACTING

Cost for subcontracting weatherization workers were assayed soley by the utilization of receipts submitted to Northwest Montana Human Resource Council by the subcontractors. There were no direct cost breakdowns on labor although the price listed for each item is assumed to include labor, (see Attachment A) thus the subcontractors were paid for labor only on items installed and not for time spent enroute to the job nor a mileage reimbursement.

Weatherization was subcontracted in Lake and Sanders counties from August 19, 1977 to May 19, 1978 in which time 62 houses were weatherized at a total cost of $12,195.00 for an average $196.70 per dwelling.

Additional subcontracting was provided by local insulation companies for 22¢ a square foot, 3 ½ (three and one half) inches deep for ureaformaldehyde foam. This price is nearly half the commercial rate.

CETA

Statistics used in compiling cost for CETA weatherization crews were obtained by utilizing the building weatherization reports (see Attachment B) which lists the cost of materials only. In these reports, from March 1978 to November 1978, lists 86 jobs completed with a total materials cost of $16,225.99 for an average cost per job of $193.70.

Additional costs in employment of CETA workers include transportation, mileage, labor, and fringe benefits.

Transportation and Mileage

Transportation costs, which include the lease of a van, fuel and maintenance, and mileage reimbursement (at 15¢ a mile for use of personal vehicle) from the time period of March 1978 to November of 1978 was $7,633.12. This sum divided by the 86 jobs completed accounts for a cost of $88.75 per job completed. A monthly breakdown is shown in Attachment C.

The reason for the high cost of transportation stems from the rural isolation of our four county area with some jobs being 60 miles from the town where the crews are located. Frequently several trips are necessary to complete a job, first, for the first estimate, applying infiltration materials, and measuring for storm windows. A second trip is necessary for installing insullation and installing storm windows. Often there is a waiting period on the storm windows in which case a third trip is required before the job is completed.

The high cost ($151.00 per month) of leasing a van which is necessary for the transportation of the insulation blower and other equipment, necessary maintenance, insurance, bonding, and the high cost of fuel all contribute to the expense of transportation.

Labor

During the time period from March of 1978 to November of 1978 Northwest Montana Human Resource Council maintained a weatherization work force of between 5 and 9 persons on the CETA payroll with a monthly wage of $725.00. CETA labor costs during the study period, March 1978 to November 1978, were $55,100.00. This divided by the 86 jobs completed comes to a cost of $640.69 per job.

It should be noted that at one time the quality of work performed by one subcontractor was inferior to that of CETA crews and that a job done for $300.00 by a subcontractor may only include $200.00 worth of materials when a CETA crew does a $300.00 job that entire sum is in materials. There are several control mechanisms built into the CETA operated program. Weekly activity reports are required, closer contact is maintained, and several training programs are conducted improving the performance of the entire crew.

SUBCONTRACTING

Although the quality of work by one subcontractor was at one time inferior, it is the general consensus that due to the fact that subcontractors are usually experienced carpenters, the quality of work performed is generally superior. Subcontractors attend regular training sessions and must report work performed so much the same quality control which is maintained for CETA crews is also maintained for subcontractors. Reports from clients of Northwest Montana Human Resource Council seem satisfactory for both CETA crews and subcontractors. An additional quality control mechanism for subcontractored work is to withhold payment until satisfactory work is performed. Subcontracted crews also usually require less supervision which can eliminate a non-CETA position of crew supervision. As the U.S. economic situation slows down and money for new construction becomes tighter, an increasing number of construction workers are becoming unemployed which increases the labor pool for experienced, qualified, potential subcontractors. Working with subcontractors also eliminated paper work and bureaucratic difficulties with the Employment Security Department.

SUMMARY

Total cost per job completed is summarized in the following:

	CETA	SUBCONTRACTED
Materials	$193.70	$196.70
Transportation	88.75	
Labor	640.69	
TOTAL	$923.14	$196.70

In addition to the jobs completed, there were 273 households assisted which brings the cost of labor to $153.48 per job and the cost of transportation to $21.26. "Assistance applies to all persons contacted by mail, such as sending out information regarding the program, applications, land lord agreements, etc., or all persons contacted in person for the purpose of doing emergency repairs, ie., visqueen broken windows, thaw frozen pipes, apply heat tape, etc., and first estimates.

With the data available and presented in this report it is apparent that the overall cost per completed job is substantially lower when subcontracted labor is utilized. Consequently, the American taxpayer gets a better deal for his tax dollars. Subcontracting also fullfills the Community Action Mission of fostering self sufficiency.

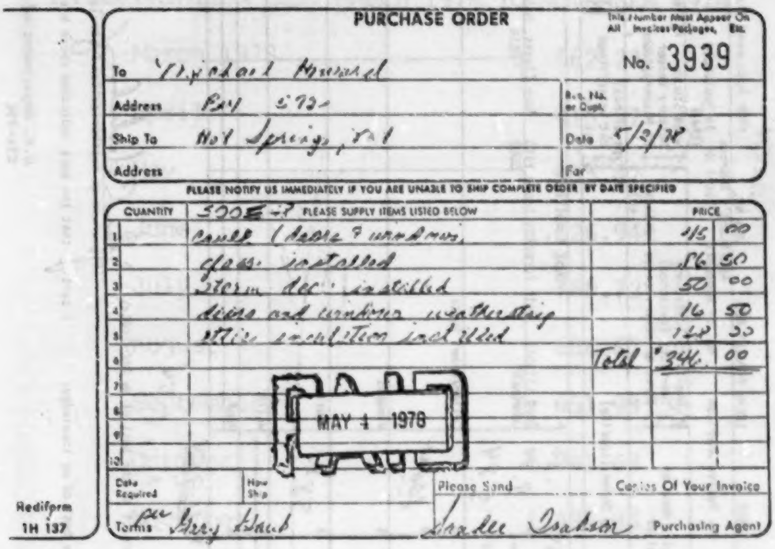
A COMPARATIVE COST FOR SIMILAR MATERIALS APRIL-MAY 1978*

	CREWS	SUBCONTRACT (installed)
Foam Tape	$ 1.55	$ 6.25
28 x 68 Storm Door	67.10	65.00
36 Aluminum Storm Door	63.88	75.00
32 Aluminum Storm Door	53.28/45.00/56.00	60.00
27 1/8 x 44 1/2 Storm Window	15.55	
Various Size Storm Windows (Sheltered Workshop, LACOI)	10.00	17.85
Insulation (cellulose) per bag	4.20	8.00-$9.65
Bead Foam per square foot	.17	.20
Weatherstrip and Caulk 1 Door	2.50	15.00
Caulk per Tube	.69/ .95/ 1.99	3.20/6.00
Weatherstrip 1 Door	1.68	6.25/5.00
Ventu	2.00	12.50

*SOURCE: Northwest Montana Human Resource Council Purchase Orders/Claim Forms

ATTACHMENT A

SUBCONTACTORS PURCHASE ORDER



PURCHASE ORDER

This Number Must Appear On All Invoices Packages, Etc.

No. 3939

To Michael Howard
Address Box 573
Ship To Hot Springs, N.C.
Address
Req. No. or Dept.
Date 5/2/78
For

PLEASE NOTIFY US IMMEDIATELY IF YOU ARE UNABLE TO SHIP COMPLETE ORDER BY DATE SPECIFIED

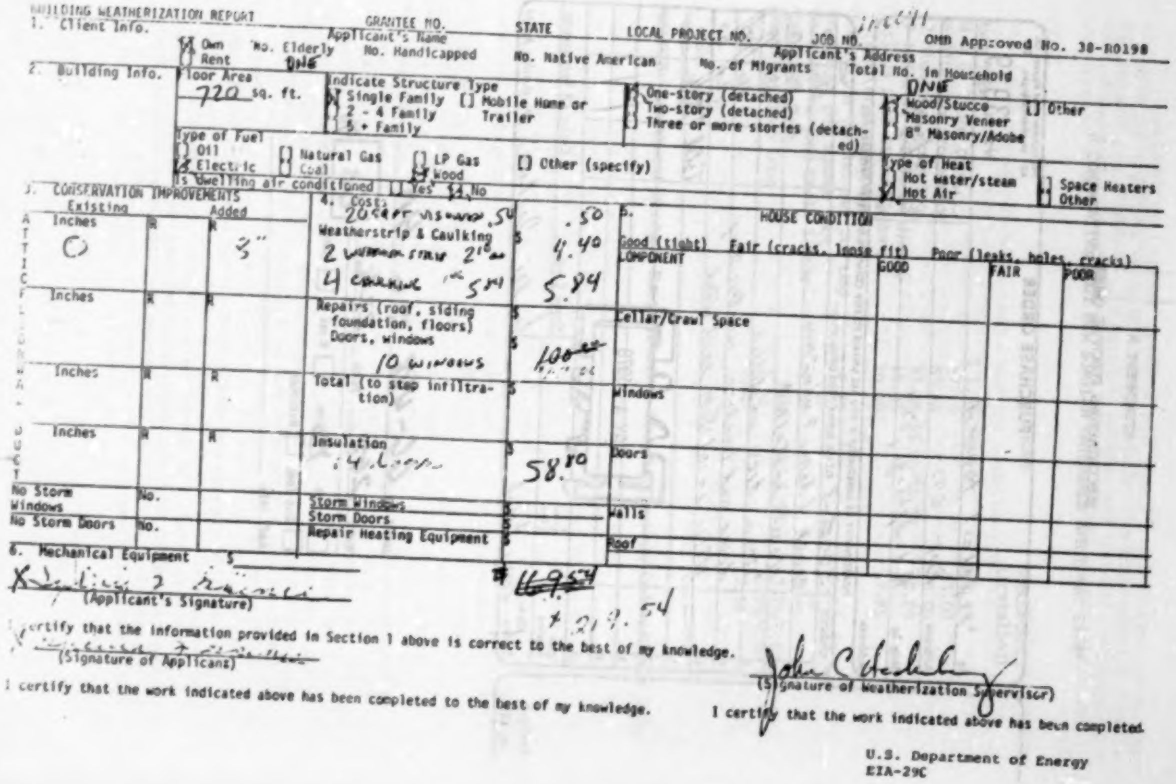
QUANTITY	500E-7 PLEASE SUPPLY ITEMS LISTED BELOW		PRICE	
1	Caulk (doors & windows)		45	00
2	Glass installed		86	50
3	Storm doors installed		50	00
4	doors and windows weatherstrip		16	50
5	attic insulation installed		148	00
6		Total	$346.	00
7				
8				
9				
10				

MAY 4 1978

Date Required
How Ship
Terms per Greg Hack
Please Send Copies Of Your Invoice
Leslee Isaksen Purchasing Agent

Rediform 1H 137

JACKET NO. 66-488 OFFSET ILLUS No. 4A
Width 26½, Depth 22½ 60 % (FOCUS)
☐ Sq. Ht. ☒ Line ☐ Broad ☐ Poster
☐ Duo Tone ☐ Rescreen
Add'l. Info:



BUILDING WEATHERIZATION REPORT

1. Client Info. GRANTEE NO. STATE LOCAL PROJECT NO. JOB NO. 1116011 OMB Approved No. 38-R0198

Applicant's Name Applicant's Address

☒ Own ☐ Rent No. Elderly ONE No. Handicapped No. Native American No. of Migrants Total No. in Household ONE

2. Building Info.

Floor Area 720 sq. ft.

Indicate Structure Type ☒ Single Family ☐ 2 - 4 Family ☐ 5 + Family ☐ Mobile Home or Trailer

☒ One-story (detached) ☐ Two-story (detached) ☐ Three or more stories (detached)

☐ Wood/Stucco ☒ Masonry Veneer ☐ 8" Masonry/Adobe ☐ Other

Type of Fuel ☐ Oil ☒ Electric ☐ Natural Gas ☐ Coal ☐ LP Gas ☒ Wood ☐ Other (specify)

Type of Heat ☐ Hot water/steam ☒ Hot Air ☐ Space Heaters ☐ Other

Is Dwelling air conditioned ☐ Yes ☒ No

3. CONSERVATION IMPROVEMENTS	Existing	Added	4. Costs	
ATTIC	Inches 0	R	R 3"	20 sq ft visqueen .54	.50
				Weatherstrip & Caulking 2 weather strip 2.20 4 caulking 1.46 5.84	$ 4.40 5.84
FLOOR	Inches	R	R	Repairs (roof, siding foundation, floors)	$
				Doors, windows 10 windows	$ 100.00
WALL	Inches	R	R	Total (to stop infiltration)	$
DUCT	Inches	R	R	Insulation 14 bags	$ 58.80
No Storm Windows	No.			Storm Windows	$
No Storm Doors	No.			Storm Doors	$
				Repair Heating Equipment	$
6. Mechanical Equipment	$				$ ~~169.54~~ $ 219.54

5. HOUSE CONDITION

Good (tight) Fair (cracks, loose fit) Poor (leaks, holes, cracks)

COMPONENT	GOOD	FAIR	POOR
Cellar/Crawl Space			
Windows			
Doors			
Walls			
Roof			

(Applicant's Signature)

I certify that the information provided in Section 1 above is correct to the best of my knowledge.

(Signature of Applicant)

I certify that the work indicated above has been completed to the best of my knowledge.

John C

(Signature of Weatherization Supervisor)

I certify that the work indicated above has been completed.

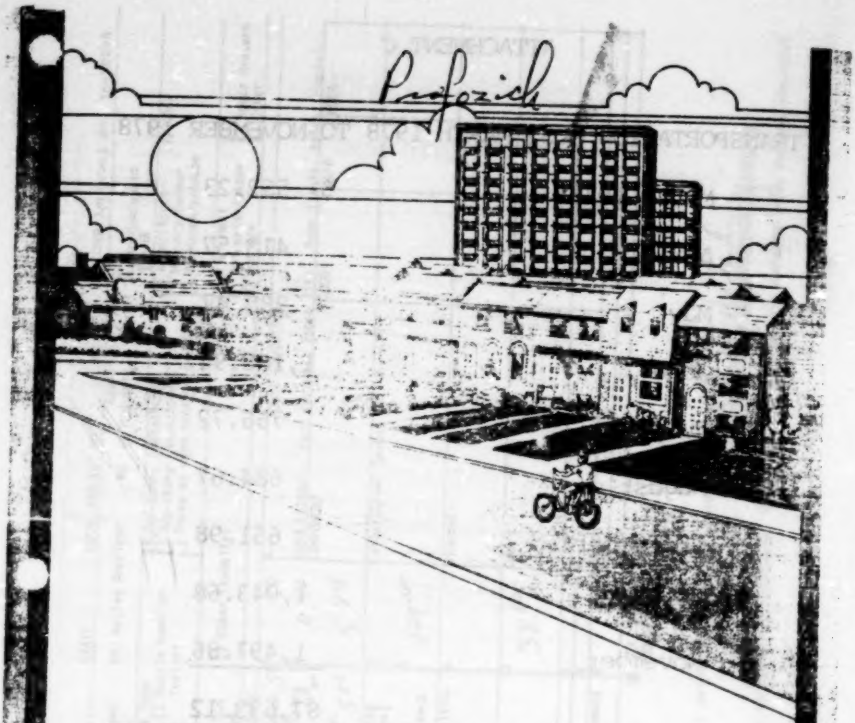
U.S. Department of Energy
EIA-29C

ATTACHMENT C

TRANSPORTATION COST MARCH 1978 TO NOVEMBER 1978

March 1978	$ 562.23
April	413.57
May	885.47
June	1,126.94
July	766.72
August	684.67
September	651.98
October	1,043.68
November	1,497.86
	$7,633.12

Profozich



RESIDENTIAL ENERGY CONSERVATION

OTA CONGRESS OF THE UNITED STATES
Office of Technology Assessment

VOLUME I

Chapter IV
LOW-INCOME CONSUMERS

INTRODUCTION

Energy problems hit hardest in low-income households. About 17 percent of the U.S. population—or 35 million Americans—have incomes below 125 percent of the official poverty line,[1] and this group feels the most severe effects of inflation, unemployment, and high energy bills.[2]

Utility costs erode the meager budget of a low-income family. Utility costs account for 15 to 30 percent of the total available income for the low-income family,[3] depending on the

---

[1] This 17-percent figure includes approximately 25 million people whose incomes are below, and approximately 10 million people with incomes no more than 25 percent above, the poverty level, as based on a poverty index developed by the Social Security Administration in 1964, modified by a Federal Interagency Committee in 1969, and revised in 1974. For a nonfarm family of four in 1978, the poverty line was set at an income level of $6,200 per year.

[2] Using Consumer Price Index (CPI) data as a measure of inflation, gas, electricity, fuel oil, and coal costs rose at rates 1.6 to 3.0 times the rate at which the CPI rose between 1972 and 1977. No other major CPI item had rates of increase as high.

Table A.—Consumer Price Index Increases, 1972-77

	Increase in CPI 1972-77	Ratio of increase of all items: to each item
All items	55.3	—
Food	68.2	1.2
Rent	33.0	.6
Home ownership	62.2	1.1
Fuel oil and coal	164.1	3.0
Gas and electricity	90.4	1.6
Apparel and upkeep	31.1	.6
Transportation, public	38.1	.7
Transportation, private	60.3	1.1
Medical	68.0	1.2

The costs of food and medical care, for example, increased at rates only 1.2 times greater than did the overall CPI, while the costs of rent, apparel, and public transportation increased at rates less great than did the overall CPI. (Ratios of increases in gas, electricity, fuel oil, and coal costs from 1972-77 derived from table 770, p. 478. *Statistical Abstract of the United States 1977.*)

It is interesting to note the course of progress in the reduction of poverty since 1959. In that year there were approximately 55 million persons below 125 percent of the poverty level, constituting about 31 percent of the total population. The greatest reduction occurred in the 1959-68 period, a the end of which 35.9 million persons or 18 percent of the population, were below 125 percent of the poverty level. There has been no *significant* reduction in poverty since then. See *Statistical Abstract of the United States 1977,* U.S. Bureau of the Census, 98th edition, Washington, D.C., 1977, table 733, p. 453.

[3] These figures on average household expenditures for home fuels as a percentage of disposable income were submitted by the Federal Energy Administration (FEA) to the U.S. Senate's Special Committee on Aging. The figures were taken from FEA's Household Energy Expenditure Model (HEEM). The HEEM data shows:

Table B.—Average Annual Household Expenditures on Home Fuels as a Percent of Disposable Income by Age of Household Head, United States

	Household head under 65		65 and over	
Disposable income	1973	1976	1973	1976
Less than $2,000	34.1	50.1	34.6	50.7
$2,000-$5,000	10.1	15.9	10.3	15.1

According to U.S. Census figures, 17.9 percent of all households have total incomes of $5,000 or under (1976). In other words, the first two brackets up to $5,000 income correspond reasonably well to the 20 percent of the population at poverty line or below. Thus, a range of 15 to 50 percent would seem to be justified. However, the percentages in the above tables were calculated assuming the mean household incomes within each income bracket was equal to the midpoint of the bracket, i.e., that the mean household income within the less than $2,000 bracket is $1,000. Given that welfare payments for a single person are $177 per month or $2,124 per year, the number of households subsisting on $1,000 per year is probably very small.

Thus, only a small percentage of households within that bracket are paying 50 percent of their incomes for energy. Twenty-five percent would be a more statistically meaningful figure, giving a range of 15 to 25 percent.

Middle-income families typically pay less for utility cost partly because most utility companies use some variation of the declining-block rate structure; the first block of energy consumed is charged the highest price, per unit price additional increments of energy consumed, the lower the average price that is paid.

(Continued)

type of housing and the cost of different forms of energy in various parts of the country. Middle-income Americans, on the other hand, spend only about 5 percent of their total available income on utility bills. Further, increases in welfare payments and other assistance tied to the Consumer Price Index have not kept up with escalating energy costs. In 1972-79, fuel oil prices rose 197.3 percent, and gas and electricity prices rose 134 and 78 percent; meanwhile, the Consumer Price Index rose only 68.6 percent.[4] Hence the substantial and growing proportion of a low-income family's budget that goes for utilities affects the family's ability to pay for other essentials such as food, rent, and clothing. Data from crisis intervention and weatherization programs sponsored by the Community Services Administration (CSA) have shown a large number of poor families spending 40 to 50 percent of their household budgets on fuel and utility costs during the heating season.[5] Some of these families face a choice between paying for food and having their utilities shut off. Low-income families lack discretionary income that they could divert from other expenses to meet escalations in energy costs.

Nearly half (49 percent) of all low-income households live in the Northeast and North-Central regions, where winters are cold and prices for electricity and natural gas are high.[6] More than half (54 percent) of all low-income families occupy single-family detached dwellings, which require more energy to heat than apartments or rowhouses. Fifty-five percent of the poor and near-poor rent their housing units; this tends to diminish their opportunities to control residential energy requirements or to make conservation-related home improvements. In the colder Northeast, 59 percent of low-income families live in apartments, reducing their energy needs (relative to occupants of free-standing homes) but also reducing their control over energy consumption.

Forty-two percent of all low-income households live in rural areas or in small towns. For these 5.9 million families, home is often a small, old, substandard, uninsulated, and poorly heated single-family house. Only 51 percent have central heating, and 28 percent use supplementary room heaters. The large number of poor and near-poor families living outside metropolitan areas accounts for the fact that persons in this income group are five times as likely as those in the middle and upper groups to use wood, kerosene, coal, or coke to heat their homes instead of the more common oil, gas, or electricity.

(Continued)

(See *The Impact of Rising Energy Costs on Older Americans*, Hearings before the Special Committee on Aging, U.S. Senate, 95th Cong., Apr. 7, 1977 (Washington, D.C.: U.S. Government Printing Office), stock #052-070-04230-3), 1977, pt. 5, p. 259.

For corroborating information placing current U.S. low-income energy costs in the 15 to 25 percent of disposable income range, also see Hollenbeck, Platt & Boulding, *An Analysis of the Effects of Energy Cost on Lo[illegible]come Households*, table 2 submitted to the Bu[illegible] of Applied Analysis, Regional Impact Division, Department of Energy, on Apr. 6, 1978, in response to a request by OTA; and Dorothy K. Hewman and Dawn Day, *The American Energy Consumer*, ch. 5 and 7 (Cambridge, Mass.: Ballinger, 1975).

[4] See note 1. In 1973 (the last year for which data was available) before taxes, the poorest half of the U.S. low-income population (those making less than $3,400 yearly) spent an average of 52.1 percent for food: an estimated 20.0 percent for rent; 21.4 percent for gas, electricity, and other fuels; and had 6.5 percent left for apparel, medical care, and other expenditures.

Energy costs (see note 2) have risen at rates three times that of other costs. Projections of energy costs for people with disposable income below the poverty line indicate that energy costs, which represented 20.5 percent of a poor household's disposable income in 1974, may represent 31.8 percent by 1985 (Hollenbeck, Platt, Boulding, op. cit., tables 2 and 8). Any little discretionary income low-income people have will be eliminated and substitutions must be made from other cost categories, like food.

(Derived from table 9.26, p. 472, *Social Indicators. 1976* (Washington, D.C.: U.S. Department of Commerce, 1977), and communication with Eva Jacobs, Bureau of Labor Statistics.)

[5] From testimony given by Mr. Tony Majori, Associate Director, Community Relations-Social Development Commission of Milwaukee County, Milwaukee, Wis., before the U.S. House Select Committee on Aging, Subcommittee on Housing and Consumer Interest, Sept. 26, 197[illegible]

[6] All statistics in this section describing energy-related characteristics of low-income households are from Eunice S. Grier, *Colder . . . Darker: The Energy Crisis and Low-Income Americans* (Washington, D.C.: Community Services Administration), #B6B5522, June 1977.

About 37 percent of all low-income households are headed by elderly persons; conversely, about 37 percent of all elderly households are classified as poor or near-poor. Just over half of these elderly low-income households live in the Northeast and North-Central regions. They tend to use more natural gas than other low-income households—and to pay a higher portion of their incomes for it—while consuming much less electricity. This means that a bigger share of the low-income elderly household's energy use can be attributed to space heating, the most essential use.

The poor and the elderly are usually not in a position to lower fuel bills by reducing consumption. Available data show that the average low-income household in 1975 used 55.4 percent less electricity and 24.1 percent less natural gas than the average middle-income U.S. household. In the aggregate, low-income households used only 11 percent of total U.S. residential energy, although they accounted for 17 percent of population. These figures are especially significant because at least 43 percent of low-income households have no insulation, and 58 percent have no storm doors or storm windows—factors that drive up the amount of home fuel use required to maintain minimum conditions of health and comfort. Moreover, 39 percent of low-income households have no thermostat or valve with which to control their heat, and among low-income renters 49 percent lack such control. Given these circumstances, recent increases in utility and fuel bills severely penalize poor people who cannot significantly cut consumption without enduring health hazards in their drafty, uninsulated homes. Similarly, lack of funds to pay for air-conditioning in hot climates has resulted in death from heat prostration for some low-income citizens. According to a newspaper account, the 20 persons who died from heat in Dallas, Tex., in July 1978 were elderly, poor, and without air-conditioning.[7] The elderly, who comprise a substantial proportion of the poor and near-poor population, are more susceptible than the general population to health problems that are aggravated by cold (e.g., respiratory ailments, arthritis, or hypothermia) and by heat, because their bodies are less able to adapt to extreme temperatures.[8]

Three types of policy questions emerge:

- How can it be ensured that the energy problems of the poor and the elderly are not overwhelming in either a financial or a health sense? Because low-income citizens are normally the last to move into newer and more energy-efficient housing, their proportion of residential energy consumption could actually increase over time.
- How can the financial hardships faced by the poor and elderly in purchasing adequate energy supplies be addressed without creating a dependency on long-term Federal financial subsidies or relief programs? How can a self-reliant approach be encouraged?
- How can low-income persons participate best in solving their energy problems, perhaps acquiring skills and preparing themselves for future jobs at the same time?

The questions are especially challenging because policymakers face difficult choices. Given limited Government financial resources, what criteria should be used to ensure that the neediest are reached first? How many Federal dollars should be directed toward helping poor households reduce energy consumption, and how many to help to pay utility and fuel bills? How should energy-related needs be coordinated with other social needs such as day care centers, job training, or medical care? How does a national goal of raising energy prices to levels that reflect true costs affect the poor? How could the Federal Government mitigate these adverse side-effects of an otherwise desirable policy?

---

[7] See Grier, ibid., p. 3; *The Washington Post*, "Life and Death in the Heat," July 22, 1978, p. A8; and A. Henschel, et al., *Heat Tolerance of Elderly Persons Living in a Sub-Tropical Climate* (Washington, D.C.: DHEW, Bureau of Disease Prevention and Environmental Control, National Center for Urban and Industrial Health, Occupational Heal[illegible]ogram, February 1967).

[8] See K. H. Collins, et al., "Accidental Hypothermia and Impaired Temperature Homostasis in the Elderly," *British Medical Journal*, 1977, 1, 353-356; G. L. Mills, "Accidental Hypothermia in the Elderly," *British Journal of Hospital Medicine*, December 1973; Robert D. Rochelle, "Hypothermia in the Aged," Institute of Environmental Studies, University of California, Santa Barbara; Fred Thumin and Earl Wims, "The Perception of the Common Cold, and Other Ailments and Discomforts, as Related to Age," *International Journal of Aging and Human Development*, vol. 6(1), 1975.

Price mechanisms that encourage conservation through the marketplace do indeed exacerbate the financial problems of low-income persons. Tax incentives and penalties also discriminate against the poor. Direct subsidies, such as energy stamps patterned after food stamps, could address some of the problems the poor face in paying utility bills—at least temporarily. However, critics argue that such subsidies fail to get at the sources of the problem and tend to become self-perpetuating.

WEATHERIZATION

The most effective way to cope with higher prices is to reduce energy requirements by "weatherizing" homes. Federally sponsored weatherization grant programs have demonstrated the benefits of this approach. The Federal Government operates three separate but similar weatherization grant programs—in the Department of Energy (DOE), the Community Services Administration (CSA), and the Farmers' Home Administration (FmHA). Before passage of the National Energy Conservation Policy Act of 1978 (NECPA), these three programs operated under varying eligibility requirements and other administrative rules. The new law unifies the programs, all of which are designed to provide direct assistance to low-income homeowners and occupants by sending workers into the field to install insulation, storm windows, and other conservation devices. Recipients pay nothing for this service. Labor is provided primarily through the Department of Labor's Comprehensive Employment and Training Act (CETA) program.

The weatherization program of FmHA was limited, until passage of NECPA during the final days of the 95th Congress, to loans of up to $1,500 at 8-percent interest to rural homeowners; no outright grants were available to those unable to afford to go into debt in order to save energy. The new energy law adds grants to FmHA programs on the same terms as those in the DOE and CSA programs, except that FmHA provides extra funds for labor when CETA workers are unavailable.

Unfortunately, low funding levels during the early years of the weatherization grant programs in DOE and CSA permitted only 3.5 percent of all low-income housing in need of weatherization to be retrofitted with conservation materials through October 1978.[*]

Several other problems also emerged in the first 2 years of Federal weatherization efforts, particularly in the DOE program. Among them were overly restrictive limits on expenditures for weatherization materials and transportation of workers and equipment to the work site, a firm limit of $400 in expenditures on each housing unit, and exclusion of all mechanical devices costing more than $50 from the list of conservation materials to be installed. A labor shortage plagued the programs; without special funding for labor, both DOE and CSA relied almost exclusively on CETA workers, who were often unavailable. Finally, because families had to be at the poverty level or below to be eligible for DOE weatherization services, many near-poor households with substantial need for energy-saving improvements were excluded from the program.

The recent National Energy Conservation Policy Act of 1978 and Comprehensive Employment and Training Act Amendments of 1978 have remedied some of these difficulties.

---

[*] This determination of the "total need," or the total number of poor and near-poor housing units that could be weatherized, is based on the fact that there are approximately 14 million households below 125 percent of the poverty level. Sixty percent are single-family dwellings and 22 percent are apartments of eight units or less, thus yielding approximately 11,480,000 potentially weatherization units. According to the Community Services Administration, approximately 400,000 units had been weatherized by October 1978.

The eligibility ceiling for DOE weatherization has been raised to 125 percent of the poverty line to include all those households generally considered to be low-income.[19] The legal definition of weatherization materials has been expanded to include replacement burners for furnaces, flue dampers, ignition systems to replace pilot lights, clock thermostats, and other items that may be added by regulation. The new law also calls for development of procedures to determine the most cost-effective combination of conservation measures for each home, taking into account the cost of materials, the climate, and the value of the energy to be saved by the materials. The limit on allowed expenditures for each dwelling has been raised to $800, an amount that includes materials, tools, and equipment; transportation; onsite supervision; and up to $100 in repairs to the house that are needed to make the energy improvements worthwhile. Most important, the DOE program funding authorizations have been increased to $200 million annually for FY 1979 and 1980. The new FmHA grant program is authorized at $25 million for FY 1979.

Weatherization programs are especially appealing because they can help low-income persons not only to save energy, but in some cases also to obtain job training and improve their permanent employment prospects. Title VI of CETA authorizes county and local governments or private nonprofit "prime sponsors" to hire unskilled, underemployed, or hardcore unemployed labor for public service work, including weatherization. The primary objective of the program is to facilitate private employment for CETA workers after a 6-month or 1-year training experience. Marriage between the weatherization and CETA programs, born of convenience and fraught with difficulties, nonetheless has the potential to make some headway against two of the Nation's most pressing problems—the energy crisis (including inflation in energy prices) and unemployment. More than 30,000 low-income unemployed persons had received training in weatherization skills—installation of home insulation, storm windows, and other conservation devices—by the end of 1978.

The chief difficulty in using CETA workers for weatherization has centered on community action agencies' inability to marshall the needed manpower when and where it was needed. Because CETA jobs have been statutorily limited to short periods of time, and because the CETA program as a whole has had to function with only 1-year lifespans (until extended by the new legislation), it has been virtually impossible to plan ahead for adequate labor supplies.

Along with the difficulty of training and scheduling CETAs, lack of authorization to use funds to hire supervisors as well as inadequate funds for training have resulted in limited skills. Program analyses at the local level have shown that little effective training has occurred, and that the more extensive skills that the trainee might have been able to learn and use in construction industry jobs (e.g., basic carpentry) have not been taught. Such factors have limited the trainee's effectiveness on the job and eventual desirability as an employee.

The 1978 CETA Amendments direct the Secretary of Labor to facilitate and extend projects for work on the weatherization of low-income housing, providing adequate technical assistance, encouragement, and supervision to meet the needs of the weatherization program and the CETA trainees. According to Gaylord Nelson, chairman of the Senate Subcommittee on Employment, Poverty, and Migratory Labor, the weatherization provisions of the CETA bill were needed to prevent three-quarters of the 1,000 active weatherization projects in the Nation from shutting down for lack of workers.

In spite of the difficulties confronting CETA weatherization, some programs have been effective if not outstanding. For many others, however, continued effort by the Department of Labor, DOE, and CSA will be necessary if the program is to effectively meet its several goals.

Weatherization is not a panacea; this approach offers little help to those beyond the program's reach who face immediate hardship trying to pay high utility bills. Those least likely to receive weatherization assistance are the 55 percent of all low-income families who live in rental housing and those living in severely deteriorated housing for which bandaid improvements cannot be justified. For these persons, a number of additional policies may be required.

---

[19] Public Law 95-524, sec. 123(c).

What additional policy options might be considered? The development of weatherized and rehabilitated public and private housing is one possibility. Or, if the rehabilitation of some housing is too costly, considering its useful life, the construction of new energy-efficient housing for the poor might be a more cost-effective use of Federal funds. But given the emphasis that Federal assistance programs usually place on ownership as a precondition to any housing development activity, perhaps programs in individual or cooperative ownership might be developed. In any event, whether these, or other options for renters such as continuing emergency financial assistance are chosen, some action should be taken to address the problems of low-income renters in housing whose energy inefficiency is continually increasing.

LOW-INCOME TENANTS

The problems of low-income families living in rental housing are especially difficult to address. Those whose units are metered and billed individually have reason to seek ways to reduce energy consumption, but their opportunities to do so are limited. Even if they can afford to invest in conservation measures—which most cannot—their investments bring them no personal benefits unless they continue living in the unit for a long time. Most tenants are understandably reluctant to improve properties they do not own. Many tenants cannot even control the thermostats or water heaters that serve their units. Individual tenants' relatively low levels of energy consumption mean that they pay the highest rates in the standard declining-block rate design. (See chapter VI.) Landlords who pay utility bills for their properties and pass the cost along to tenants through rent have little incentive to invest in weatherization improvements. When they do make such investments, they pass those costs along, too—so that tenants who move before the payback period is complete fail to receive the financial benefit of the lower utility bills.

Energy costs, along with property taxes and escalating maintenance costs, contribute in a major way to the tendency of slum landlords to abandon substandard buildings. Tenants are seldom well-enough organized to pressure municipal governments into enforcing building codes or retrofitting and renovating buildings that cities acquire through tax liens.

Federal weatherization programs have offered little help to low-income renters, particularly those living in apartments. CSA regulations prohibited use of the agency's funds for retrofitting multifamily housing until recently. The laws governing DOE and FmHA weatherization require that multifamily weatherization projects be designed to benefit tenants rather than landlords and direct the program managers to ensure that rents are not raised as a result of weatherization improvements and that no "undue or excessive enhancement" of the property results from weatherization activities. While these provisions are laudatory, implementing them is difficult.

EMERGENCY FINANCIAL ASSISTANCE FOR UTILITY PAYMENTS

Because of the slow pace of weatherization efforts and the severity of recent winters, many low-income families have faced the unpleasant choice of either sacrificing other necessities to meet utility and fuel costs or finding their gas, oil, or electricity cut off. To avoid these difficulties, three Federal programs have been used to help low-income consumers pay utility bills. They are the Department of Health, Education, and Welfare's (HEW) Emergency Assistance and Title XX programs, and the much larger CSA Special Crisis Intervention Program (SCIP).

HEW's Emergency Assistance (EA) Program is available to poor families with one or more children through the welfare system in 22 States. Emergency assistance payments are made to prevent imminent hardship, such as loss of fuel services. Close to 90 percent of the EA caseload is carried by only seven States, however. The Federal Government provides a matching share of 50 percent to States that offer the program. Some States find the required 50-percent non-Federal share too expensive.

Welfare officials often find it difficult to document the legitimacy of emergency needs claimed by applicants.[11] Litigation in some States has resulted in court rulings that some State restrictions on the use of EA funds are illegal; State response has sometimes been to stop offering emergency assistance.[12]

Other factors have also limited this program's effectiveness. The program is available only to families with children, and only to public-assistance recipients. Further, a family may not receive EA payments for more than 1 month during any 12-month period.

Funds available through title XX of the Social Security Act of 1975 may also be used to permit low-income consumers to pay fuel bills. Title XX funds have traditionally been used for such social-service purposes as providing clothing and groceries for needy families, or for meeting the needs of handicapped, mentally ill, retarded, or other poor persons with special problems. HEW regulations were amended in January 1978 to permit the use of title XX funds for reimbursement of low-income persons for payment of utility and fuel bills in emergencies. This provision has been controversial because HEW officials have expressed a concern that utility payments could consume such a great portion of title XX funds that too little would remain for more traditional social services.[13] Furthermore, at least one State—North Dakota—found title XX an impractical tool for utility payments because of the requirement that bills be paid in full before reimbursement funds are released.[14] These problems, particularly the issue of competing needs for limited funds, may jeopardize the availability of title XX funds for energy-related financial assistance.

The Community Services Administration's SCIP was initially funded by a supplemental appropriation of $200 million in March 1977. The program was intended to make available a variety of financial assistance mechanisms that included grants, loans, fuel vouchers, or stamps; payment guarantees, mediation with utility companies or fuel suppliers, and financial counseling; and maintenance of emergency fuel supplies, warm clothing, and blankets. In practice, assistance was limited to emergency grants in most cases.

Although funded for $200 million, SCIP did not come close to helping all those in need. The maximum payment to individuals or families, limited to $250 by Federal regulations, was often too low to cover the total bill, and some States set lower ceilings because the number of applications was too high for the available money. When consumers could not meet their entire bills with SCIP payments, utilities sometimes failed to establish deferred-payment plans and proceeded instead to shut off gas or power. Some utilities reportedly failed to reduce their customers' bills to reflect SCIP payments.

SCIP's major problems in the first year resulted from poor timing. Congress' action in appropriating funds in March was aimed at assisting with bills accumulated during the winter just ending, yet funds did not become available to community action agencies for distribution until late summer. By then, many poor families had already had their utilities shut off or had sacrificed other essential needs to pay their bills. When funds finally became available, they had to be distributed in the short time remaining in the fiscal year or else revert to the CSA weatherization program, a worthy program but one that could not meet the immediate and critical financial needs of many poor families. Of the amount appropriated in FY 1977, 82 percent was actually distributed to the needy population.

---

[11] Consumer Federation of America, *Low-Income Consumer Energy Problems and the Federal Government's Response*, report to the Office of Technology Assessment, 1978, p. 135.

[12] See, for example, *Kozinski v. Schmidt*, D.C. Wis., 1975, 409 F Supp. 215; *Williams v. Wohlgemuth*, D.C. Pa., 1975, 400 F Supp. 1309.

[13] Consumer Federation of America, op. cit., p. 139.

[14] Ibid., p. 138.

Community action agencies functioned with a frenzy of activity in order to handle SCIP funds in August and September 1977. With no funds provided for administration of the program, the agencies operated with staff hastily borrowed from other community action projects. They undertook efforts to communicate with eligible persons through newspaper, media, and poster advertising, but some failed to reach enough people to use all available funds, despite evidence of a large target population. Others succeeded in their public relations efforts but found potential recipients discouraged by long waiting lines for application processing and lack of transportation assistance, particularly in rural areas.

To be eligible for SCIP payments, utility and fuel customers were required to show written notice from their suppliers of intent to terminate service. Many small dealers in propane, butane, and wood were accustomed to operating informally—for example, farmers who sold wood to their neighbors to earn extra wintertime income—and failed to provide such notice. Their customers were therefore ineligible for SCIP assistance.

Many local SCIP coordinators objected to the program because they felt it forced their agencies into an uncomfortable role: handing out money (like a social service agency) to try to alleviate the effects, rather than the causes, of a problem. They saw this as restraining them from focusing their efforts to do something about the causes of the local energy problem, and as providing local people with an erroneous perception of the agencies' role in their communities: that is, as surrogate welfare departments rather than as organizations which help people become more self-sufficient.

Some local antipoverty workers also took offense at the practice of making payments from Federal CSA funds to private utility companies and fuel oil distributors. They saw SCIP as a continuing subsidy to utilities, and not as a help to the poor.[11]

CSA's second-year financial assistance program, also funded at $200 million, was known as the Emergency Energy Assistance Program (EEAP). In FY 1978, funds were made available sooner and program administrators were able to benefit from many of the first year's experiences.

UTILITY POLICIES FOR THE POOR AND NEAR-POOR

Emergency payments to low-income persons, discussed in the previous section, are intended to forestall utility shutoffs and ensure enough energy to meet basic needs. A number of governmental jurisdictions have imposed additional policies, however, to protect low-income consumers in their dealings with utilities.

In California, all utilities have been required by law since 1975 to design their electric and gas rate structures so that the first blocks of energy consumed—the amount needed to provide necessary amounts of heat, light, refrigeration, cooking, and water heating—are sold at reduced rates. Utility revenues lost through the so-called "lifeline" subsidy are recovered by charging higher rates for energy consumed above the minimum allowance. This policy represents a reversal of the traditional utility "declining block" rate structure.

---

[11] Data derived from telephone interviews with 44 CAP weatherization, energy, and overall program directors, and interviews with community leaders at OTA. Telephone interviews discussed the structure and problems encountered with CSA energy education programs, which included extensive discussion of weatherization activities and problems with CSA/DOE and other programs, and SCIP, while additional interviews at OTA with local energy personnel visiting in Washington centered on the effect of and improvements that could be made in SCIP and other community energy conservation programs.

The California law is premised on a finding that "light and heat are basic human rights and must be made available to all people at low cost for minimum quantities." Lifeline rates are discussed in the context of utility policy for energy conservation in chapter VI of this report. Here, they are discussed in terms of their purpose in meeting social welfare goals—that is, in preventing severe hardship caused by high energy prices or by termination of essential utility services as a result of inability to pay.

For lifeline rates to function as effective income-transfer devices, low-income households must hold their electricity and gas consumption at or near the low levels needed to meet only essential needs. Available data indicate that on the average, low-income households do indeed consume less energy than households in higher income brackets. A study by the Washington Center for Metropolitan Studies found that in 1975, the average low-income household consumed 60.6 million Btu* of electricity and 110.1 million Btu of natural gas, compared with an average of 94.2 million Btu of electricity and 136.3 million Btu of natural gas for all households. Table 28 indicates how gas and electricity consumption in low-income households compared with use of these energy sources in middle- and upper-income households.[16]

Table 28.—Consumption of Electricity and Natural Gas in U.S. Households by Income Group, 1975*
(millions of Btu)

	Income		
	Low-income	$14,000-20,500	$25,000 and above
Electricity	60.6	111.3	137.5
Natural gas	110.1	137.4	190.5

*Average annual Btu per household.
SOURCE: Washington Center for Metropolitan Studies, *National Survey of Household Energy Use*, 1975.

Other studies of electricity and gas consumption among low-income users indicate, however, that looking at average household consumption patterns may not be the best way to evaluate the effectiveness of lifeline rates in meeting social welfare goals. Looking instead at the number of households in various income groups that exceeded lifeline allowance levels, the Pacific Gas & Electric Company (PG&E) found that significant numbers of low-income households exceed not only the lifeline consumption levels, but also the utility system's average consumption per household. For example, PG&E determined that nearly 50 percent of its low-income customers in the San Francisco Bay area outside San Francisco consume more than the area's average monthly household level of 300 kWh.[17] High consumption levels among low-income customers were found to be very weather-sensitive and especially prevalent during winter peak-heating periods, probably because of the poor thermal integrity of many homes occupied by low-income consumers. PG&E concluded that large numbers of low-income consumers were being penalized, rather than helped, by lifeline rates.[18]

In a recent critique of the California lifeline policy, Albin J. Dahl expressed a doubt that landlords receiving lifeline allowances for units in master-metered buildings would in all cases pass on utility cost-savings to their tenants through lowered rents. He also pointed out that California residential gas consumers were paying for much of the gas they consumed at rates far below the costs borne by utilities in purchasing and delivering that gas. Dahl argued that the tax and welfare systems were more appropriate vehicles for solving the energy-based financial problems of low-income persons.[19]

Other utility-related policies that might assist low-income persons include prohibitions on wintertime utility shutoffs, legal aid to indigent utility customers, and requirements of third-party notification prior to shutoff.

---

*One Btu is equivalent to 1 kilojoule.

[16] Grier, op. cit., p. 11.

[17] J. Dahl Albin, "California's Lifeline Policy," *Public Utilities Fortnightly*, Aug. 31, 1978, p. 20.

[18] Ibid., p. 18.

[19] Ibid., pp. 13-22.

HOUSING, ENERGY, AND THE POOR

For low-income persons, problems of energy use in the home are a subset of the larger problems of poor housing quality in general. Opportunities to lower residential energy consumption—and reduce utility bills—are sharply limited for people who live in substandard housing, unless a way can be found to rehabilitate or replace such housing. Weatherization programs, financial assistance, and preferential utility rates cannot provide full remedies for either owners or renters of low-quality, energy-guzzling homes. A number of Federal programs address the housing needs of low-income persons. Efforts are directed at both tenants and homeowners.

Programs affecting rental housing include:

- Federal assistance to local housing authorities for construction, maintenance, and subsidization of rents in public housing projects;
- Rent subsidies under section 8 of the National Housing Act which make up the difference between 25 percent of recipient families' incomes and the fair market rent for the private housing units they occupy;
- Mortgage insurance, interest and rent subsidies, and energy-related home improvement financing for rental housing under section 236 of the National Housing Act, as amended; and
- FmHA's Section 515 Rental and Cooperative Housing Loan Program, which finances housing for low- and moderate-income families developed by public, private, or nonprofit organizations.

Programs aimed at owner-occupied housing include:

- The Department of Housing and Urban Development's (HUD) section 312 program, providing loans at 3-percent interest to low-income homeowners in certain designated areas, for the purpose of rehabilitating their homes and bringing them into compliance with current local building codes;
- Mortgage insurance and interest subsidies made available under section 235 of the National Housing Act to permit low- and moderate-income persons to purchase new and existing housing under affordable financing terms;
- FmHA's Section 502 Homeownership Loan Program, offering either loan guarantees or direct loans for the purchase or rehabilitation of homes under financing terms that vary depending on the recipient's income; and
- FmHA's Section 504 Home Repair Program, which offers loans and grants to elderly rural low-income homeowners to remove certain dangers to health and safety.

Programs that can affect both rental and owner-occupied housing are:

- Community development block grants made available annually to local governments to meet broadly specified Federal objectives (which include the provision of adequate housing, a suitable living environment, and expanded economic opportunities for low-income groups) through projects designed at the local level; and
- HUD's urban development action grants designed to stimulate new construction and economic development in low-income areas.

All these programs have helped low-income persons to acquire "decent, safe, and sanitary housing" without the expenditure of an unreasonable portion of their incomes for housing. It is not clear, however, that the programs have helped in a noticeable way to make poor families' homes more energy-efficient. For most programs, energy conservation is a concern far from the minds of program administrators in Washington, D.C., and in the field; similarly, lenders, builders, owners, developers, nonprofit groups, and others on the receiving end of Federal housing funds have only rarely included energy efficiency in their planning or cost calculations.

Public housing projects, for example, were constructed without effective thermal standards until 1963, and from 1963 to 1973, Federal guidelines for thermal standards were voluntary. In recent years, the emphasis within the public housing program has shifted from new construction to rehabilitation of existing projects, and energy efficiency has been designated as a "priority expenditure category" as part of rehabilitation. Since utility costs have been estimated by HUD to account for between 20 and 30 percent of project operating expenses, in many cases upgrading insulation, windows, and energy-consuming equipment in public housing units is a cost-effective use of public funds. Unfortunately, however, HUD cannot supply accurate estimates of the level of energy-related improvements being made in the public housing sector, or of the energy savings that are resulting.

The rental assistance program under section 8 of the National Housing Act assists over 350,000 low-income families by making up the difference between 25 percent of their fa[illegible] incomes and the fair market rent for the [illegible]ing units they occupy. Tenants in both pu[illegible] and private housing are eligible for sectio[illegible] subsidies if their incomes do not exceed 80 p[illegible]cent of the median income in their geograph[illegible] areas; nearly a third of all recipients earn le[illegible] than half of the median income. As with th[illegible] public housing program, section 8 guideline[illegible] pay little attention to energy efficiency. Only in the case of newly constructed apartments are section 8 subsidies tied even indirectly to requirements for thermal integrity in the buildings; newly built homes must meet HUD minimum property standards to be eligible for participation in the section 8 program. Older units are not subject to any energy standards for eligibility.

Chapter VIII describes each of the Federal housing programs listed above, and evaluates their effectiveness (or lack thereof) in encouraging energy efficiency to keep utility costs down for low-income owners and tenants.

○